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LEGISLATIVE HISTORY

Public Law 132--80th Congress .

Chapter 166--1st Session

S. J. Res. 135

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## DIGEST OF PUBLIC LAW 132

RECONSTRUCTION FINANCE CORPORATION. Extends RFC through June 30, 1948; reduces its borrowing power to \$2,000,000,000; abolishes the Federal Loan Agency; authorizes RFC to make priority purchases of surplus property for resale to small business; continues the U. S. Commercial Company through June 30, 1948; provides for the dissolution of the RFC Mortgage Company; prevents RFC in the future from supplying the capital of other governmental agencies; directs the RFC to transfer to the Treasury Department the stock of the Federal home loan banks held by RFC; modifies the provisions of sec. 201(e) of the Emergency Relief Construction Act of 1932, and sec. 84 of the Farm Credit Act of 1933 to eliminate their application to RFC, but to retain their application to FCA. Repeals the following acts or parts of acts which have had a bearing on the operations of this Department; Sec. 201 (except subsection (e) ) of the Emergency Relief and Construction Act of 1932, which authorizes various types of loans, primarily to aid in financing self-liquidating projects of a public nature, and provides for creation of regional agricultural credit corporations; secs. 27, 32, and 36 of the Emergency Farm Mortgage Act of 1933, which authorizes loans to receivers appointed by the Federal Farm Loan Board, make \$200,000,000 available for the Land Bank Commissioner loans, and authorize loans to drainage and irrigation districts; secs. 5, 19c, and 8b of the Agricultural Adjustment Act of 1933, which provide for loans to USDA for the cotton-purchase program, loans to processors subject to AAA taxes, and loans to parties to marketing agreements; act of Apr. 10, 1936, which directed RFC to acquire the capital stock of Commodity Credit Corporation; so much of sec. 33b of the Farm Credit Act of 1937 as relates to payment of expenses of corporations formed by consolidating 2 or more regional agricultural credit corporations (those provisions authorize RACC's to borrow from RFC and require RFC to pay expenses of consolidated RACC's).



INDEX AND SUMMARY OF HISTORY ON S. J. RES. 135

May 19, 1947                      Hearings: House, unnumbered, "Government Credit", Pt. 1.

June 3, 1947                      Hearings: House, unnumbered, "Investigation of Procurement and Buildings", Pt. 1. Procurement of office space by the RFC.

June 18, 1947                      H. R. 3898 introduced by Rep. Wolcott and was referred to the House Committee on Banking and Currency. Print of the bill as introduced.

June 20, 1947                      H. R. 3916 introduced by Rep. Wolcott and was referred to the House Committee on Banking and Currency. Print of the bill as introduced.

                                        S. J. Res. 135 was reported from the Senate Committee on Banking and Currency. Senate Report 321. Print of the measure as reported.

June 21, 1947                      H. R. 3916 was reported by House Committee on Banking and Currency. House Report 626. Reported without an amendment. Print of the bill as reported.

June 23, 1947                      The Rules Committee reported House Resolution 252 for the consideration of H. R. 3916. House Rept. 639.

                                        Senate passed without amendment S. J. Res. 135.

June 24, 1947                      House passed H. R. 3916 as reported. The language of H. R. 3916 was substituted for S. J. Res. 135.

June 26, 1947                      House and Senate Conferees appointed.

                                        House received the Conference Report. House Report 722.

June 27, 1947                      Both Houses agreed to the Conference Report.

June 30, 1947                      Approved. Public Law 132.







80TH CONGRESS  
1ST SESSION

# H. R. 3898

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IN THE HOUSE OF REPRESENTATIVES

JUNE 18, 1947

Mr. WOLCOTT introduced the following bill; which was referred to the Committee on Banking and Currency

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## A BILL

To amend the Reconstruction Finance Corporation Act, as amended, and to extend the succession and certain lending powers and functions of the Reconstruction Finance Corporation, and for other purposes.

1     *Be it enacted by the Senate and House of Representa-*  
2     *tives of the United States of America in Congress assembled,*  
3     That the Reconstruction Finance Corporation Act, as  
4     amended, is hereby amended to read as follows:

5     “SEC. 1. There is hereby created a body corporate with  
6     the name ‘Reconstruction Finance Corporation (herein called  
7     the Corporation) with a capital stock of \$325,000,000 sub-  
8     scribed by the United States of America. Its principal office  
9     shall be located in the District of Columbia, but there may



1 be established agencies or branch offices in any city or  
2 cities of the United States under rules and regulations pre-  
3 scribed by the board of directors. This Act may be cited  
4 as the 'Reconstruction Finance Corporation Act'.

5 "SEC. 2. The management of the Corporation shall be  
6 vested in a board of directors consisting of five persons  
7 appointed by the President of the United States by and  
8 with the advice and consent of the Senate. Of the five  
9 members of the board, not more than three shall be mem-  
10 bers of any one political party and not more than one  
11 shall be appointed from any one Federal Reserve district.  
12 Each director shall devote his time principally to the busi-  
13 ness of the Corporation. The terms of the directors shall  
14 be two years but they may continue in office until their  
15 successors are appointed and qualified. Whenever a va-  
16 cancy shall occur other than by expiration of term the  
17 person appointed to fill such vacancy shall hold office for  
18 the unexpired portion of the term of the director whose  
19 place he is selected to fill. The directors shall receive  
20 salaries at the rate of \$ per annum each.

21 "SEC. 3. The Corporation shall have succession through  
22 June 30, —, unless it is sooner dissolved by an Act of  
23 Congress. It shall have power to adopt, alter, and use a  
24 corporate seal; to make contracts; to lease or purchase such  
25 real estate as may be necessary for the transaction of its



1 business; to sue and be sued, to complain and to defend, in  
2 any court of competent jurisdiction, State or Federal: *Pro-*  
3 *vided*, That the Corporation shall be entitled to and granted  
4 the same immunities and exemptions from the payment of  
5 costs, charges, and fees as are granted to the United States  
6 pursuant to the provisions of law codified in sections 543,  
7 548, 555, 557, 578, and 578a of title 28 of the United States  
8 Code, 1940 edition; to select, employ, and fix the compen-  
9 sation of such officers, employees, attorneys, and agents as  
10 shall be necessary for the transaction of the business of the  
11 Corporation, in accordance with laws, Executive orders, and  
12 regulations, applicable to the Corporation, as in effect on  
13 June 30, 1947, and as thereafter amended: *Provided further*,  
14 That, notwithstanding any other provision of law, the right  
15 to recover compensation granted by the Act approved Sep-  
16 tember 7, 1916, as amended (5 U. S. C., sec. 751), shall  
17 be in lieu of, and shall be construed to abrogate, any and  
18 all other rights and remedies which any person, except for  
19 this provision, might, on account of injury or death of an  
20 employee, assert against the Corporation or any of its sub-  
21 sidiaries; and to prescribe, amend, and repeal, by its board  
22 of directors, bylaws, rules, and regulations governing the  
23 manner in which its general business may be conducted.  
24 Except as may be otherwise provided in this Act, the board  
25 of directors of the Corporation shall determine the necessity

1 for and the character and amount of its obligations and  
2 expenditures under this Act and the manner in which they  
3 shall be budgeted, incurred, allowed, paid, and accounted for,  
4 without regard to the provisions of any other laws governing  
5 the expenditure of public funds and such determinations  
6 shall be final and conclusive upon all other officers of the  
7 Government. The Corporation shall be entitled to the free  
8 use of the United States mails in the same manner as the  
9 executive departments of the Government.

10 “SEC. 4. (a) To aid in financing agriculture, commerce,  
11 and industry, to help in maintaining the economic stability  
12 of the country and to assist in promoting maximum employ-  
13 ment and production, the Corporation, within the limita-  
14 tions hereinafter provided, is authorized—

15 “(1) To purchase the securities and obligations of  
16 and to make loans to any business enterprise organized  
17 or operating under the laws of any State or the United  
18 States: *Provided*, That the purchase of securities and  
19 obligations (including equipment trust certificates) of,  
20 or the making of loans to railroads or air carriers en-  
21 gaged in interstate commerce or receivers or trustees  
22 thereof, shall be with the approval of the Interstate  
23 Commerce Commission or the Civil Aeronautics Board,  
24 respectively: *Provided further*, That in the case of rail-  
25 roads or air carriers not in receivership or trusteeship,

1 the Commission or the Board, as the case may be, in  
2 connection with its approval of such purchases or loans,  
3 shall also certify that such railroad or air carrier, on  
4 the basis of present and prospective earnings, may be  
5 expected to meet its fixed charges without a reduction  
6 thereof through judicial reorganization except that such  
7 certificates shall not be required in the case of loans  
8 or purchases made for the acquisition of equipment or  
9 for maintenance.

10 “(2) To make loans to any financial institution  
11 organized under the laws of any State or of the United  
12 States.

13 “(3) To purchase the securities and obligations of,  
14 or make loans to, or contracts with, (A) municipalities  
15 and political subdivisions of States; (B) public agencies  
16 and instrumentalities of one or more States, municipi-  
17 palities, and political subdivisions of States; and (C)  
18 public corporations, boards, and commissions, to aid in  
19 financing projects authorized under Federal, State, or  
20 municipal law: *Provided*, That no such loan shall be  
21 made for payment of ordinary governmental or non-  
22 project operating expenses of such borrowers as distin-  
23 guished from loans to aid in financing specific public  
24 projects.

25 “(4) To make loans secured by mortgages, deeds

1 of trust, or other instruments conveying, or constituting  
2 a lien upon, real estate or any interest therein: *Provided*,  
3 That under this paragraph not more than \$200,000,000  
4 shall be outstanding at any one time.

5 “(5) To make such loans, in an aggregate amount  
6 not to exceed \$25,000,000 outstanding at any one time,  
7 as it may determine to be necessary or appropriate  
8 because of floods or other catastrophes.

9 “(6) To provide for original mortgagees a market  
10 for home loans guaranteed or insured under the provi-  
11 sions of title III of the Servicemen’s Readjustment Act  
12 of 1944, as amended, or under the provisions of the  
13 National Housing Act, as amended, by the purchase,  
14 administration, and disposition of such loans directly,  
15 or through national banks, acting as agents or as trustees.

16 “(b) No financial assistance shall be extended pursuant  
17 to paragraphs (1), (2), and (3) of subsection (a) of this  
18 section, unless the credit applied for is not otherwise available  
19 on reasonable terms. All securities and obligations purchased  
20 and all loans made under paragraphs (1), (2), and (3)  
21 of subsection (a) of this section shall be of such sound value  
22 or so secured as reasonably to assure retirement or repayment  
23 and such loans may be made either directly or in cooperation  
24 with banks or other lending institutions through agreements



1 to participate or by the purchase of participations, or  
2 otherwise.

3 “(c) The total amount of investments, loans, purchases,  
4 and commitments made pursuant to this section 4 shall not  
5 exceed \$3,000,000,000 outstanding at any one time.

6 “(d) No fee or commission shall be paid by any appli-  
7 cant for financial assistance under the provisions of this Act  
8 in connection with any such application, and any agreement  
9 to pay or payment of any such fee or commission shall be  
10 unlawful.

11 “(e) No director, officer, attorney, agent, or employee  
12 of the Corporation in any manner, directly or indirectly,  
13 shall participate in the deliberation upon or the determination  
14 of any question affecting his personal interests, or the inter-  
15 ests of any corporation, partnership, or association in which  
16 he is directly or indirectly interested.

17 “(f) The powers granted to the Corporation by this  
18 section shall terminate at the close of business on June 30,  
19 —, but the termination of such powers shall not be con-  
20 strued (1) to prohibit disbursement of funds on purchases  
21 of securities and obligations, on loans, or on commitments  
22 or agreements to make such purchases or loans, made under  
23 this Act prior to the close of business on such date, or (2)  
24 to affect the validity or performance of any other agreement  
25 made or entered into pursuant to law.

1       “(g) As used in this Act, the term ‘State’ includes  
2 the District of Columbia, Alaska, Hawaii, and Puerto Rico.

3       “SEC. 5. Section 5202 of the Revised Statutes of the  
4 United States, as amended, is hereby amended by striking  
5 out the words ‘War Finance Corporation Act’ and inserting  
6 in lieu thereof the words ‘Reconstruction Finance Corpora-  
7 tion Act’.

8       “SEC. 6. The Federal Reserve banks are authorized  
9 and directed to act as custodians and fiscal agents for the  
10 Corporation in the general performance of its powers con-  
11 ferred by this Act and the Corporation may reimburse such  
12 Federal Reserve banks for such services in such manner  
13 as may be agreed upon.

14       “SEC. 7. The Corporation may issue to the Secretary  
15 of the Treasury its notes, debentures, bonds, or other such  
16 obligations in an amount outstanding at any one time  
17 sufficient to enable the Corporation to carry out its functions  
18 under this Act or any other provision of law, such obliga-  
19 tions to mature not more than five years from their respective  
20 dates of issue, to be redeemable at the option of the Cor-  
21 poration before maturity in such manner as may be stipu-  
22 lated in such obligations. Such obligations may mature  
23 subsequent to the period of succession of the Corporation.  
24 Each such obligation shall bear interest at a rate determined  
25 by the Secretary of the Treasury, taking into consideration

1 the current average rate on outstanding marketable obliga-  
2 tions of the United States as of the last day of the month  
3 preceding the issuance of the obligation of the Corporation.  
4 The Secretary of the Treasury is authorized to purchase  
5 any obligations of the Corporation to be issued hereunder,  
6 and for such purpose the Secretary of the Treasury is  
7 authorized to use as a public-debt transaction the proceeds  
8 from the sale of any securities issued under the Second  
9 Liberty Bond Act, as amended, and the purposes for which  
10 securities may be issued under the Second Liberty Bond  
11 Act, as amended, are extended to include any purchases  
12 of the Corporation's obligations hereunder.

13 "SEC. 8. The Corporation, including its franchise, capital,  
14 reserves and surplus, and its income shall be exempt from all  
15 taxation now or hereafter imposed by the United States, by  
16 any Territory, dependency, or possession thereof, or by  
17 any State, county, municipality, or local taxing authority,  
18 except that any real property of the Corporation shall be  
19 subject to State, Territorial, county, municipal, or local  
20 taxation to the same extent according to its value as other  
21 real property is taxed: *Provided*, That the taxation of real  
22 property as authorized herein shall not include the taxation  
23 as real property of possessory interests, pipe lines, power  
24 lines, or machinery or equipment owned by the Corpora-

1 tion and shall be exempt from all taxes as herein  
2 provided regardless of their nature, use, or manner of at-  
3 tachment or affixation to the land, building, or other struc-  
4 ture upon or in which the same may be located. The  
5 exemptions provided for in the preceding sentence with  
6 respect to taxation (which shall, for all purposes, be deemed  
7 to include sales, use, storage, and purchase taxes) shall be  
8 construed to be applicable not only with respect to the  
9 Corporation but also with respect to any other public  
10 corporation which is now or which may be hereafter wholly  
11 financed and wholly managed by the Corporation. Such  
12 exemptions shall also be construed to be applicable to loans  
13 made, and personal property owned by the Corporation or  
14 such other corporations, but such exemptions shall not be  
15 construed to be applicable in any State to any buildings which  
16 are considered by the laws of such State to be personal  
17 property for taxation purposes. Notwithstanding any other  
18 provision of law or any privilege or consent to tax expressly  
19 or impliedly granted thereby, the shares of preferred stock  
20 of national banking associations, and the shares of preferred  
21 stock, capital notes, and debentures of State banks and  
22 trust companies, heretofore or hereafter acquired by the  
23 Corporation, and the dividends or interest derived there-  
24 from by the Corporation, shall not, so long as the Corpora-  
25 tion shall continue to own the same, be subject to any tax-



1    ation by the United States, by any Territory, dependency  
2    or possession thereof, or the District of Columbia, or by any  
3    State, county, municipality, or local taxing authority,  
4    whether now, heretofore, or hereafter imposed, levied, or  
5    assessed, and whether for a past, present, or future taxing  
6    period.

7       “SEC. 9. Upon termination of the powers granted to  
8    the Corporation by section 4 of this Act, the board of  
9    directors shall, except as otherwise herein specifically  
10   authorized, proceed to liquidate its assets and wind up its  
11   affairs. It may with the approval of the Secretary of the  
12   Treasury deposit with the Treasurer of the United States as  
13   a special fund any money belonging to the Corporation or  
14   from time to time received by it in the course of liquidation,  
15   for the payment of its outstanding obligations, which fund  
16   may be drawn upon or paid out for no other purpose. Any  
17   balance remaining after the liquidation of all the Corpora-  
18   tion’s assets and after provision has been made for payment  
19   of all legal obligations shall be paid into the Treasury of the  
20   United States as miscellaneous receipts. Thereupon the  
21   Corporation shall be dissolved and its capital stock shall be  
22   canceled and retired.

23       “SEC. 10. If at the expiration of the succession of the  
24   Corporation, its board of directors shall not have completed  
25   the liquidation of its assets and the winding up of its affairs,

1 the duty of completing such liquidation and winding up of  
2 its affairs shall be transferred to the Secretary of the Treas-  
3 ury, who for such purpose shall succeed to all the powers  
4 and duties of the board of directors under this Act. In such  
5 event he may assign to any officer or officers of the United  
6 States in the Treasury Department the exercise and per-  
7 formance, under his general supervision and direction, of  
8 any such powers and duties. When the Secretary of the  
9 Treasury shall find that such liquidation will no longer be  
10 advantageous to the United States and that all of the Cor-  
11 poration's legal obligations have been provided for, he shall  
12 retire any capital stock then outstanding, pay into the  
13 Treasury as miscellaneous receipts the unused balance of the  
14 moneys belonging to the Corporation, and make a final  
15 report to the Congress. Thereupon the Corporation shall  
16 be deemed to be dissolved.

17 "SEC. 11. (a) Whoever makes any statement knowing  
18 it to be false, or whoever willfully overvalues any security,  
19 for the purpose of obtaining for himself or for any applicant  
20 any loan, or extension thereof by removal, deferment of ac-  
21 tion or otherwise, or the acceptance, release, or substitution of  
22 security therefor, or for the purpose of influencing in any  
23 way the action of the Corporation, or for the purpose of  
24 obtaining money, property, or anything of value, under this

1 Act, shall be punished by a fine of not more than \$5,000  
2 or by imprisonment for not more than two years, or both.

3 “(b) Whoever (1) falsely makes, forges, or counter-  
4 feits any note, debenture, bond, or other obligation, or  
5 coupon, in imitation of or purporting to be a note, debenture,  
6 bond, or other obligation, or coupon, issued by the Corpora-  
7 tion; or (2) passes, utters, or publishes, or attempts to pass,  
8 utter or publish, any false, forged or counterfeited note,  
9 debenture, bond, or other obligation, or coupon, purporting  
10 to have been issued by the Corporation, knowing the same  
11 to be false, forged, or counterfeited; or (3) falsely alters  
12 any note, debenture, bond, or other obligation, or coupon,  
13 issued or purporting to have been issued by the Corporation;  
14 or (4) passes, utters, or publishes, or attempts to pass, utter,  
15 or publish, as true any falsely altered or spurious note,  
16 debenture, bond, or other obligation, or coupon, issued or  
17 purporting to have been issued by the Corporation, knowing  
18 the same to be falsely altered or spurious, or any person  
19 who willfully violates any other provision of this Act, shall  
20 be punished by a fine of not more than \$10,000, by im-  
21 prisonment for not more than five years, or both.

22 “(c) Whoever, being connected in any capacity with  
23 the Corporation, (1) embezzles, abstracts, purloins, or will-  
24 fully misapplies any moneys, funds, securities, or other things

1 of value, whether belonging to it or pledged or otherwise  
2 entrusted to it; or (2) with intent to defraud the Corporation  
3 or any other body politic or corporate, or any individual, or  
4 to deceive any officer, auditor, or examiner of the Corpora-  
5 tion, makes any false entry in any book, report, or statement  
6 of or to the Corporation, or, without being duly authorized,  
7 draws any order or issues, puts forth, or assigns any note,  
8 debenture, bond, or other obligation, or draft, bill of exchange,  
9 mortgage, judgment, or decree thereof; or (3) with intent  
10 to defraud participates, shares, receives directly or indirectly  
11 any money, profit, property, or benefit through any transac-  
12 tion, loan, commission, contract, or any other act of the  
13 Corporation; or (4) gives any unauthorized information  
14 concerning any future action or plan of the Corporation  
15 which might affect the value of securities, or having such  
16 knowledge, invests or speculates, directly or indirectly, in the  
17 securities or property of any company, bank, or corporation  
18 receiving loans or other assistance from the Corporation,  
19 shall be punished by a fine of not more than \$10,000 or by  
20 imprisonment for not more than five years, or both.

21 “(d) No individual, association, partnership, or cor-  
22 poration shall use the words ‘Reconstruction Finance Cor-  
23 poration’ or a combination of these three words, as the name  
24 or a part thereof under which he or it shall do business.  
25 Every individual, partnership, association, or corporation



1 violating this prohibition shall be guilty of a misdemeanor  
2 and shall be punished by a fine of not exceeding \$1,000 or  
3 imprisonment not exceeding one year, or both.

4 “(e) The provisions of sections 112, 113, 114, 115,  
5 116, and 117 of the Criminal Code of the United States  
6 (U. S. C., title 18, ch. 5, secs. 202 to 207, inclusive),  
7 insofar as applicable, are extended to apply to contracts or  
8 agreements with the Corporation under this Act, which for  
9 the purposes hereof shall be held to include loans, advances,  
10 discounts, and rediscounts; extensions and renewals thereof;  
11 and acceptances, releases, and substitutions of security there-  
12 for.

13 “SEC. 12. The Corporation is authorized to exercise the  
14 functions, powers, duties, and authority transferred to the  
15 Corporation by Public Law 109, Seventy-ninth Congress,  
16 approved June 30, 1945, but only with respect to programs,  
17 projects, or commitments outstanding on June 30, 1947.

18 “SEC. 13. If any provision of this Act or the applica-  
19 tion of such provision to any person or circumstances shall  
20 be held invalid, the validity of the remainder of this Act,  
21 and the applicability of such provision to other persons or  
22 circumstances, shall not be affected thereby.”

23 SEC. 2. (a) No provision of this Act shall be construed  
24 so as to prevent the Corporation from disbursing funds on  
25 purchases of securities and obligations, on loans, or on com-

1 mitments or agreements to make such purchases or loans,  
2 made and liabilities incurred pursuant to law prior to the  
3 effective date of this Act.

4 (b) The succession of United States Commercial Com-  
5 pany, a corporation created by the Reconstruction Finance  
6 Corporation pursuant to section 5d (3) of the Reconstruc-  
7 tion Finance Corporation Act, as amended, is hereby ex-  
8 tended through \_\_\_\_\_.

9 SEC. 3. All assets and liabilities of every kind and  
10 nature, together with all documents, books of account, and  
11 records, of The RFC Mortgage Company, a corporation  
12 organized under the laws of the State of Maryland, all the  
13 capital stock of which is owned and held by the Reconstruc-  
14 tion Finance Corporation, shall be transferred to the Recon-  
15 struction Finance Corporation. With respect to the assets,  
16 liabilities, and records transferred, "Reconstruction Finance  
17 Corporation" for all purposes is hereby substituted for "The  
18 RFC Mortgage Company", and no suit, action, or other  
19 proceeding lawfully commenced by or against such corpora-  
20 tion shall abate by reason of the enactment of this Act, but  
21 the court, on motion or supplemental petition filed at any  
22 time within twelve months after the date of such enactment,  
23 showing a necessity for the survival of such suit, action, or  
24 other proceeding to obtain a determination of the questions

1 involved, may allow the same to be maintained by or against  
2 the Reconstruction Finance Corporation.

3 SEC. 4. The Federal Loan Agency, created by Reor-  
4 ganization Plan Numbered 1 pursuant to the provisions of  
5 the Reorganization Act of 1939, approved April 3, 1939,  
6 is hereby abolished, and all its property and records are  
7 hereby transferred to the Reconstruction Finance Corpora-  
8 tion.

9 SEC. 5. The Reconstruction Finance Corporation is  
10 authorized and directed to transfer as soon as practicable  
11 after the effective date of this Act, to the Secretary of the  
12 Treasury, and the Secretary of the Treasury is authorized  
13 and directed to receive all of the stock of the Federal home-  
14 loan banks held by the Reconstruction Finance Corporation.  
15 The Secretary of the Treasury shall cancel notes of the  
16 Reconstruction Finance Corporation, and sums due and un-  
17 paid upon or in connection with such notes at the time of  
18 such cancellation, in an amount equal to the par value of  
19 the stock so transferred.

20 The following Acts and portions of Acts are hereby  
21 repealed:

22 SEC. 6. (a) Sections 1, 201, 202, 203, 204, 205, 206,  
23 207, 208, 209, and 211 of the Emergency Relief and Con-  
24 struction Act of 1932, approved July 21, 1932 (47 Stat.  
25 709), as amended;

1 (b) Section 304 of the Act approved March 9, 1933  
2 (48 Stat. 1), as amended;

3 (c) Sections 27, 32, 36, 37, and 38 of the Emergency  
4 Farm Mortgage Act of 1933, approved May 12, 1933  
5 (48 Stat. 41), as amended;

6 (d) Sections 5 and 19 (c) and the last two sentences  
7 of section 8 (b) of the Agricultural Adjustment Act, ap-  
8 proved May 12, 1933 (48 Stat. 33), as amended;

9 (e) The Act approved June 10, 1933 (48 Stat. 119),  
10 as amended;

11 (f) The last sentence of section 4 (b) of the Home  
12 Owners' Loan Act of 1933, approved June 13, 1933 (48  
13 Stat. 129), as amended;

14 (g) Sections 301 and 302 of the National Industrial  
15 Recovery Act, approved June 16, 1933 (48 Stat. 195),  
16 as amended;

17 (h) Section 84 of the Farm Credit Act of 1933, ap-  
18 proved June 16, 1933 (48 Stat. 257), as amended;

19 (i) The Act approved January 20, 1934 (48 Stat.  
20 318);

21 (j) The fourth paragraph of the Emergency Appro-  
22 priation Act, fiscal year 1935, approved June 19, 1934  
23 (48 Stat. 1056), and section 202 of the Public Works  
24 Administration Extension Act of 1937, approved June 29,  
25 1937 (50 Stat. 357);



1 (k) Sections 10, 13, 14, 15, and 16 of the Act ap-  
2 proved June 19, 1934 (48 Stat. 1105), as amended;

3 (l) So much of sections 4 and 602 of the National  
4 Housing Act, approved June 27, 1934 (48 Stat. 1247),  
5 as amended, as relates to the Reconstruction Finance  
6 Corporation;

7 (m) The first section and sections 2, 3, 9, 11, and 13  
8 of the Act approved January 31, 1935 (49 Stat. 1), as  
9 amended;

10 (n) The Act approved August 24, 1935 (49 Stat.,  
11 ch. 646, p. 796) ;

12 (o) The Act approved March 20, 1936 (49 Stat.  
13 1185) ;

14 (p) The Act approved April 10, 1936 (49 Stat., ch.  
15 168, p. 1191) ;

16 (q) The first section of the Act approved January 26,  
17 1937 (50 Stat. 5), as amended;

18 (r) The Act approved February 11, 1937 (50 Stat.  
19 19), as amended;

20 (s) So much of section 32 (b) of the Farm Credit  
21 Act of 1937, approved August 19, 1937 (50 Stat. 703),  
22 as relates to the Reconstruction Finance Corporation and so  
23 much of section 33 (b) of the said Act as relates to the  
24 payment of the expenses of corporations formed by the con-

1 solidation of two or more regional agricultural credit cor-  
2 porations;

3 (t) So much of the Act approved June 25, 1938 (52  
4 Stat. 1193), as relates to the Reconstruction Finance Cor-  
5 poration;

6 (u) Section 12 of the Federal Highway Act of 1940,  
7 approved September 5, 1940 (54 Stat. 867) ;

8 (v) Section 5 of the Act approved June 10, 1941  
9 (55 Stat. 250) ;

10 (w) The Act approved October 23, 1941 (55 Stat.,  
11 ch. 454, p. 744) ;

12 (x) The Act approved March 27, 1942 (56 Stat.,  
13 ch. 198, p. 174) ;

14 (y) The Act approved June 5, 1942 (56 Stat., ch.  
15 352, p. 326) ; and

16 (z) Sections 1 and 2 of Public Law 656, 79th Con-  
17 gress, approved August 7, 1946.

18 SEC. 7. The liquidation of the affairs of the Smaller  
19 War Plants Corporation administered by the Reconstruction  
20 Finance Corporation pursuant to Executive Order 9665 shall  
21 be carried out by the Reconstruction Finance Corporation,  
22 notwithstanding the provisions of the last paragraph of sec-  
23 tion 5 of the First War Powers Act, 1941. The Smaller  
24 War Plants Corporation is hereby abolished.

25 SEC. 8. (a) The Reconstruction Finance Corporation

1 shall have the power to purchase any surplus property for  
2 resale, subject to regulations of the War Assets Administrator  
3 or his successor, to small business when, in its judgment,  
4 such disposition is required to preserve and strengthen the  
5 competitive position of small business. The purchase of  
6 surplus property under this section shall be given priority  
7 under the Surplus Property Act of 1944, as amended, im-  
8 mediately following transfers to Government agencies under  
9 section 12 of such Act, as amended, and disposals to veterans  
10 under section 16 of such Act, as amended. The provisions  
11 of section 12 (c) of the Surplus Property Act of 1944, as  
12 amended, shall be applicable to purchases made under this  
13 section. The Reconstruction Finance Corporation shall not  
14 purchase any surplus property pursuant to this section unless  
15 a small business had previously made application to the  
16 Reconstruction Finance Corporation for such property. The  
17 Reconstruction Finance Corporation shall not purchase any  
18 real property for resale to small business pursuant to this  
19 section in any case where any person from whom the prop-  
20 erty had been acquired by a Government agency, gives  
21 notice in writing to the Reconstruction Finance Corporation  
22 that he intends to exercise his rights under section 23 of  
23 the Surplus Property Act, as amended.

24 (b) The Reconstruction Finance Corporation is further  
25 authorized for the purpose of carrying out the objectives of

1 this section to arrange for sales of surplus property to small  
2 business concerns on credit or time basis.

3 (c) For the purposes of this section the terms “per-  
4 sons”, “surplus property”, and “Government agency” have  
5 the same meaning as is assigned to such terms by section 3  
6 of the Surplus Property Act of 1944, as amended.

7 SEC. 9. During the period between June 30, 1947, and  
8 the date of enactment of legislation making funds available  
9 for administrative expenses for the fiscal year ending June  
10 30, 1948, the Corporation is authorized to incur, and pay out  
11 of its general funds, administrative expenses in accordance  
12 with laws in effect on June 30, 1947, such obligations and  
13 expenditures to be charged against funds when made avail-  
14 able for administrative expenses for the fiscal year 1948.

15 SEC. 10. This Act shall take effect as of midnight  
16 June 30, 1947.



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## A BILL

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To amend the Reconstruction Finance Corporation Act, as amended, and to extend the succession and certain lending powers and functions of the Reconstruction Finance Corporation, and for other purposes.

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By Mr. WOLCOTT

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JUNE 18, 1947

Referred to the Committee on Banking and Currency









# DIGEST OF CONGRESSIONAL PROCEEDINGS OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
Division of Legislative Reports  
(For Department staff only)

Issued June 23, 1947  
For actions of June 20 & 21, 1947  
80th-1st, Nos. 117 & 118

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HIGHLIGHTS: Senate committee reported 2nd urgent deficiency appropriation bill; added foot-and-mouth disease item of \$1,500,000; deleted provision regarding Sugar Rationing Administration. Senate committee submitted report in favor of reorganization plan on coordination of public-contracts laws enforcement. Committees reported measures for RFC continuation. Senate continued debate on President's veto of labor-management bill.

## SENATE - June 20

1. SECOND URGENT DEFICIENCY APPROPRIATION BILL, 1947. The Appropriations Committee reported with amendments this bill, H. R. 3791 (S. Rept. 315) (p. 7540).  
The Committee added an item of \$1,500,000 additional, fiscal year 1947, for the foot-and-mouth disease campaign (Budget estimate, \$3,000,000). It also deleted the provision that not over \$215,000 of the \$898,000 originally earmarked for terminal leave may be used for operating expenses of the Sugar Rationing Administration for the remainder of this fiscal year (the Department recommended this deletion upon Budget Bureau advice that \$315,000 would be available for operating expenses through transfer from OTC liquidation funds).  
The bill also includes, in the form as passed by the House (see Digest 110), items regarding obligations between July 1 and enactment of appropriation bills, payment of terminal leave from 1947 funds, and certain ARA buildings.
2. REORGANIZATION. The Labor and Public Welfare Committee reported adversely H. Con. Res. 49, which would disapprove the President's Reorganization Plan 2, which provides for coordination through the Labor Department of other departments' enforcement of the public-contract laws regarding wages and hours (S. Rept. 320) (p. 7540). In other words the Senate Committee is in favor of the plan.
3. APPROPRIATIONS INVESTIGATIONS. The Appropriations Committee reported with amendment S. Res. 129, authorizing this Committee, in making investigations under the Legislative Reorganization Act, to employ temporary assistants and make certain expenditures. Referred to Rules and Administration Committee. (p. 7540)  
The Appropriations Committee also reported without amendment S. Res. 130, authorizing this Committee to make additional expenditures under Sec. 134 (a) of the Legislative Reorganization Act. To Rules and Administration Committee. (p. 7540.)



4. MILITARY LEAVE. The Armed Services Committee reported without amendment H. R. 1845, to amend existing laws regarding military leave for U. S. employees so as to equalize rights to leave and reenployment for such employees who are members of the Enlisted or Officers' Reserve Corps, the National Guard, or the Naval Reserve (S. Rept. 327)(p. 7540).

5. RECONSTRUCTION FINANCE CORPORATION. The Banking and Currency Committee reported an original measure, S. J. Res. 135, to continue RFC (S. Rept. 321)(p. 7540).

The Banking and Currency Committee also reported an original resolution, S. Res. 132, to direct this Committee to investigate RFC operations and report to the Senate by Mar. 1, 1948; also to authorize the Committee, with the consent of the department or agency heads concerned, to utilize the services, information, facilities, and personnel of any department or agency. To Rules and Administration Committee. (p. 7541.)

6. ACP APPROPRIATIONS. Received an Ala. Legislature memorial favoring continuance of the Agricultural Conservation Program (pp. 7539-40).

7. RURAL INDUSTRIALIZATION. Sen. Johnston, S. C., inserted and discussed a letter and articles favoring S. 1452, to aid in industrialization of underdeveloped areas (pp. 7541-2).

8. LABOR. Debated the President's veto of H. R. 3020, the labor-management bill, which the House had voted to over-ride earlier in the day (pp. 7551-600). (The June 20 issue of the Record did not include all of the Senate debate.)

During this debate: Sen. Pepper, Fla., discussed the necessity of maintaining purchasing power if large demand for citrus fruits is to continue, and Sen. Taylor, Idaho, discussed the same point in relation to citrus fruits and milk (p. 7559). Sen. Taylor, Idaho, spoke in support of the Columbia Valley Authority bill (pp. 7571-2), against the import-control provisions of the wool bill (pp. 7573-4), expressed a fear of declining farm prices (p. 7581), criticized the length of time taken by the Joint Committee on the Economic Report (p. 7581), discussed with Sen. Johnston, S. C., increases in meat prices (p. 7582, 7586).

#### HOUSE - June 20

9. LABOR. Received the President's veto message on H. R. 3020, the labor-management bill (H. Doc. 334)(pp. 7500-3). Voted, 331-83, to over-ride the veto (pp. 7503-4).

10. FOREIGN AFFAIRS. Continued debate on H. R. 3342, the Mundt information and educational exchange bill (pp. 7515-35). (For provisions of the bill, see Digest 109.) Agreed to an amendment by Rep. Keefe, Wis., to strike out Sec. 702 (3) and (6) regarding travel and attendance at meetings (p. 7518); and his amendment to strike out Sec. 802 authorizing acceptance of donations for the purposes of the bill (p. 7525). Reading of the bill for amendment was completed.

11. UMRA LIQUIDATION. Received from the President a proposed provision regarding an appropriation for this purpose (H. Doc. 336); to Appropriations Committee (p. 7537).

12. STATISTICS. The Post Office and Civil Service Committee reported with amendments H. R. 1821, to provide for collection and publication of statistical information by the Census Bureau (H. Rept. 618)(p. 7537).

## TEMPORARY EXTENSION OF SUCCESSION AND POWERS OF RECONSTRUCTION FINANCE CORPORATION

JUNE 20 (legislative day, APRIL 21), 1947.—Ordered to be printed

Mr. BUCK, from the Committee on Banking and Currency, submitted  
the following

### REPORT

[To accompany S. J. Res. 135]

The Committee on Banking and Currency, having considered legislation concerning the Reconstruction Finance Corporation, report favorably a joint resolution (S. J. Res. 135) providing for temporary extension of the succession, lending powers, and the functions of the Corporation, and recommend its enactment into law.

### STATEMENT

The Reconstruction Finance Corporation was created by act of Congress, approved January 22, 1932. The Corporation was formally organized and began operations on February 2, 1932. Originally, it had lending powers for 1 year, which could be extended for another year by the President, and a life or succession of 10 years. The President extended its lending powers the additional year, and such powers were thereafter extended from time to time by the Congress. By the act of June 25, 1940, the lending powers and functions of the Corporation were extended from June 30, 1941, to January 22, 1947, and its life or succession was extended from January 22, 1942, to January 22, 1947. Thus, its lending powers and functions became coextensive with its life or succession, both running to January 22, 1947. By Senate Joint Resolution 156, approved August 7, 1946, this date was extended to June 30, 1947, both as to lending powers and functions and corporate succession. This date in each instance is extended until June 30, 1948, by the terms of the joint resolution hereby reported.

Pursuant to authority granted by the Legislative Reorganization Act of 1946, your committee has undertaken during the present session to study the operations of the Reconstruction Finance Corporation and its subsidiaries, with a view to determining whether their



corporate life and functions shall be extended beyond the present termination date of June 30, 1947. The magnitude of the task and the unusual pressure of committee business in other fields of legislation have prevented our study and hearings from progressing to the point where we can conscientiously pass final judgment on the vital issues at stake, affecting the basic credit policies of the Nation through private enterprise and public action. The termination date of the Corporation's life and functions is now so close at hand that your committee deems it advisable to continue the status quo for 1 year while its own inquiry proceeds to a conclusion.

To facilitate this inquiry, your committee is today reporting a Senate resolution authorizing the expenditure of \$50,000 from the contingent fund of the Senate for additional personnel and expenses in that regard. The committee or its duly authorized subcommittee will, of course, have the full authority granted under section 134 of the Legislative Reorganization Act of 1946, including the power of subpoena and the authority to sit when Congress is in recess or adjournment. The resolution directs the committee to report its conclusions and recommendations to the Senate not later than March 1, 1948. This will afford ample time for legislative action, if deemed advisable prior to the extended date of June 30, 1948. Your committee contemplates a fully staffed comprehensive inquiry into the operations of the Corporation and its subsidiaries. This will include, without being limited to, their accounting methods, financing, personnel, lending policies, and subsidy operations; their administration and liquidation of loans, securities, and other property; the effect of their operations on private enterprises, small and large, and on public policies here and abroad; the availability of credit through normal private channels; and the relations between RFC and other public agencies, including the Federal Loan Agency and the Department of Commerce during the periods when the Corporation was attached thereto.

The committee will be authorized to utilize the services, information, facilities, and personnel of any of the departments or agencies of the Government. The inquiry will be assisted, for example, by the data and reports on the Reconstruction Finance Corporation and its subsidiaries by the General Accounting Office, pursuant to section 5 of the act of February 24, 1945.

Upon the basis of such a thoroughgoing inquiry, your committee will determine and report as to whether public credit is needed in any of the categories embraced by RFC's current operations, for what additional period of time, through what agency of Government, and with what additional safeguards and limitations, in the peacetime economy of the country.

While this inquiry is in process, your committee will expect that the Corporation will not invoke authority of an emergency or defense character which the Corporation itself has recommended for immediate repeal.

Calendar No. 328

80TH CONGRESS  
1ST SESSION

# S. J. RES. 135

[Report No. 321]

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## IN THE SENATE OF THE UNITED STATES

JUNE 20 (legislative day, APRIL 21), 1947

Mr. BUCK, from the Committee on Banking and Currency, reported the following joint resolution; which was read twice and placed on the calendar

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## JOINT RESOLUTION

To extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation.

1       *Resolved by the Senate and House of Representatives*  
2   *of the United States of America in Congress assembled,*  
3   That (a) the first sentence of section 4 of the Reconstruct-  
4   tion Finance Corporation Act, as amended, is hereby fur-  
5   ther amended by striking out "June 30, 1947" and insert-  
6   ing in lieu thereof "June 30, 1948"; and the first sentence  
7   of section 14 of the Reconstruction Finance Corporation  
8   Act, as amended, is hereby further amended by striking out  
9   "July 1, 1947" and inserting in lieu thereof "July 1, 1948";  
10   and (b) section 5d of the Reconstruction Finance Corpora-  
11   tion Act, as amended; the Act approved January 26, 1937



1 (50 Stat., ch. 6, p. 5), as amended; and the Act approved  
2 February 11, 1937 (50 Stat., ch. 10, p. 19), as amended,  
3 are hereby further amended by striking out "June 30, 1947"  
4 wherever appearing and in each instance inserting in lieu  
5 thereof "June 30, 1948".

Calendar No. 328

80TH CONGRESS  
1ST Session**S. J. RES. 135**

[Report No. 321]

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**JOINT RESOLUTION**

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To extend the succession, lending powers, and  
the functions of the Reconstruction Finance  
Corporation.

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By Mr. Buck

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JUNE 20 (legislative day, APRIL 21), 1947

Read twice and placed on the calendar

80TH CONGRESS  
1ST SESSION

# H. R. 3916

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IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 1947

Mr. WOLCOTT introduced the following bill; which was referred to the Committee on Banking and Currency

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## A BILL

To amend the Reconstruction Finance Corporation Act, as amended, and to extend the succession and certain lending powers and functions of the Reconstruction Finance Corporation, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       TITLE I—AMENDMENT TO RECONSTRUCTION  
4               FINANCE CORPORATION ACT

5       SECTION 1. The Reconstruction Finance Corporation  
6       Act, as amended, is hereby amended to read as follows:

7       “SEC. 1. There is hereby created a body corporate with  
8       the name ‘Reconstruction Finance Corporation (herein called

1 the Corporation), with a capital stock of \$325,000,000 sub-  
2 scribed by the United States of America. Its principal office  
3 shall be located in the District of Columbia, but there may  
4 be established agencies or branch offices in any city or  
5 cities of the United States under rules and regulations pre-  
6 scribed by the board of directors. This Act may be cited  
7 as the 'Reconstruction Finance Corporation Act'.

8 "SEC. 2. The management of the Corporation shall be  
9 vested in a board of directors consisting of five persons  
10 appointed by the President of the United States by and  
11 with the advice and consent of the Senate. Of the five  
12 members of the board, not more than three shall be mem-  
13 bers of any one political party and not more than one  
14 shall be appointed from any one Federal Reserve district.  
15 Each director shall devote his time principally to the busi-  
16 ness of the Corporation. The terms of the directors shall  
17 be two years but they may continue in office until their  
18 successors are appointed and qualified. Whenever a va-  
19 cancy shall occur other than by expiration of term the  
20 person appointed to fill such vacancy shall hold office for  
21 the unexpired portion of the term of the director whose  
22 place he is selected to fill. The directors, except the chair-  
23 man, shall receive salaries at the rate of \$12,500 per annum  
24 each. The chairman of the board of directors shall receive  
25 a salary at the rate of \$15,000 per annum.

1       “SEC. 3. (a) The Corporation shall have succession  
2 through June 30, 1949, unless it is sooner dissolved by an  
3 Act of Congress. It shall have power to adopt, alter, and  
4 use a corporate seal; to make contracts; to lease or purchase  
5 such real estate as may be necessary for the transaction of its  
6 business; to sue and be sued, to complain and to defend, in  
7 any court of competent jurisdiction, State or Federal: *Pro-*  
8 *vided*, That the Corporation shall be entitled to and granted  
9 the same immunities and exemptions from the payment of  
10 costs, charges, and fees as are granted to the United States  
11 pursuant to the provisions of law codified in sections 543,  
12 548, 555, 557, 578, and 578a of title 28 of the United States  
13 Code, 1940 edition; to select, employ, and fix the compen-  
14 sation of such officers, employees, attorneys, and agents as  
15 shall be necessary for the transaction of the business of the  
16 Corporation, in accordance with laws, applicable to the  
17 Corporation, as in effect on June 30, 1947, and as thereafter  
18 amended; and to prescribe, amend, and repeal, by its board  
19 of directors, bylaws, rules, and regulations governing the  
20 manner in which its general business may be conducted.  
21 Except as may be otherwise provided in this Act, the board  
22 of directors of the Corporation shall determine the necessity  
23 for and the character and amount of its obligations and  
24 expenditures under this Act and the manner in which they  
25 shall be budgeted, incurred, allowed, paid, and accounted for,



1 without regard to the provisions of any other laws governing  
2 the expenditure of public funds and such determinations  
3 shall be final and conclusive upon all other officers of the  
4 Government. The Corporation shall be entitled to the free  
5 use of the United States mails in the same manner as the  
6 executive departments of the Government.

7 (b) Notwithstanding any other provision of law, the  
8 right to recover compensation granted by the Act approved  
9 September 7, 1916, as amended (5 U. S. C., sec. 751), shall  
10 be in lieu of, and shall be construed to abrogate, any and  
11 all other rights and remedies which any person, except for  
12 this provision, might, on account of injury or death of an  
13 employee, assert against the Corporation or any of its  
14 subsidiaries.

15 "SEC. 4. (a) To aid in financing agriculture, commerce,  
16 and industry, to help in maintaining the economic stability  
17 of the country and to assist in promoting maximum employ-  
18 ment and production, the Corporation, within the limita-  
19 tions hereinafter provided, is authorized—

20 "(1) To purchase the obligations of and to make  
21 loans to any business enterprise organized or operating  
22 under the laws of any State or the United States: *Pro-*  
23 *vided*, That the purchase of obligations (including equip-  
24 ment trust certificates) of, or the making of loans to  
25 railroads or air carriers engaged in interstate commerce



1 or receivers or trustees thereof, shall be with the approval  
2 of the Interstate Commerce Commission or the Civil  
3 Aeronautics Board, respectively: *Provided further*, That  
4 in the case of railroads or air carriers not in receivership  
5 or trusteeship, the Commission or the Board, as the case  
6 may be, in connection with its approval of such purchases  
7 or loans, shall also certify that such railroad or air carrier,  
8 on the basis of present and prospective earnings, may be  
9 expected to meet its fixed charges without a reduction  
10 thereof through judicial reorganization except that such  
11 certificates shall not be required in the case of loans  
12 or purchases made for the acquisition of equipment or  
13 for maintenance.

14 “(2) To make loans to any financial institution  
15 organized under the laws of any State or of the United  
16 States.

17 “(3) In order to aid in financing projects author-  
18 ized under Federal, State, or municipal law, to purchase  
19 the securities and obligations of, or make loans to, (A)  
20 municipalities and political subdivisions of States, (B)  
21 public agencies and instrumentalities of one or more  
22 States, municipalities, and political subdivisions of States,  
23 and (C) public corporations, boards, and commissions:  
24 *Provided*, That no such purchase or loan shall be  
25 made for payment of ordinary governmental or non-

1 project operating expenses as distinguished from pur-  
2 chases and loans to aid in financing specific public  
3 projects.

4 “(4) To make such loans, in an aggregate amount  
5 not to exceed \$25,000,000 outstanding at any one time,  
6 as it may determine to be necessary or appropriate  
7 because of floods or other catastrophes.

8 “(b) No financial assistance shall be extended pursuant  
9 to paragraphs (1), (2), and (3) of subsection (a) of this  
10 section, unless the financial assistance applied for is not other-  
11 wise available on reasonable terms. All securities and obli-  
12 gations purchased and all loans made under paragraphs (1),  
13 (2), and (3) of subsection (a) of this section shall be of  
14 such sound value or so secured as reasonably to assure retire-  
15 ment or repayment and such loans may be made either  
16 directly or in cooperation with banks or other lending insti-  
17 tutions through agreements to participate or by the purchase  
18 of participations, or otherwise.

19 “(c) The total amount of investments, loans, purchases,  
20 and commitments made pursuant to this section 4 shall not  
21 exceed \$2,000,000,000 outstanding at any one time.

22 “(d) No fee or commission shall be paid by any appli-  
23 cant for financial assistance under the provisions of this Act  
24 in connection with any such application, and any agreement

1 to pay or payment of any such fee or commission shall be  
2 unlawful.

3 “(e) No director, officer, attorney, agent, or employee  
4 of the Corporation in any manner, directly or indirectly,  
5 shall participate in the deliberation upon or the determination  
6 of any question affecting his personal interests, or the inter-  
7 ests of any corporation, partnership, or association in which  
8 he is directly or indirectly interested.

9 “(f) The powers granted to the Corporation by this  
10 section shall terminate at the close of business on June 30,  
11 1949, but the termination of such powers shall not be con-  
12 strued (1) to prohibit disbursement of funds on purchases  
13 of securities and obligations, on loans, or on commitments  
14 or agreements to make such purchases or loans, made under  
15 this Act prior to the close of business on such date, or (2)  
16 to affect the validity or performance of any other agreement  
17 made or entered into pursuant to law.

18 “(g) As used in this Act, the term ‘State’ includes  
19 the District of Columbia, Alaska, Hawaii, and Puerto Rico.

20 “SEC. 5. Section 5202 of the Revised Statutes of the  
21 United States, as amended, is hereby amended by striking  
22 out the words ‘War Finance Corporation Act’ and inserting  
23 in lieu thereof the words ‘Reconstruction Finance Corpora-  
24 tion Act’.

1       “SEC. 6. The Federal Reserve banks are authorized  
2 and directed to act as custodians and fiscal agents for the  
3 Corporation in the general performance of its powers con-  
4 ferred by this Act and the Corporation may reimburse such  
5 Federal Reserve banks for such services in such manner  
6 as may be agreed upon.

7       “SEC. 7. The Corporation may issue to the Secretary  
8 of the Treasury its notes, debentures, bonds, or other such  
9 obligations in an amount outstanding at any one time  
10 sufficient to enable the Corporation to carry out its functions  
11 under this Act or any other provision of law, such obliga-  
12 tions to mature not more than five years from their respective  
13 dates of issue, to be redeemable at the option of the Cor-  
14 poration before maturity in such manner as may be stipu-  
15 lated in such obligations. Such obligations may mature  
16 subsequent to the period of succession of the Corporation.  
17 Each such obligation shall bear interest at a rate determined  
18 by the Secretary of the Treasury, taking into consideration  
19 the current average rate on outstanding marketable obliga-  
20 tions of the United States as of the last day of the month  
21 preceding the issuance of the obligation of the Corporation.  
22 The Secretary of the Treasury is authorized to purchase  
23 any obligations of the Corporation to be issued hereunder,  
24 and for such purpose the Secretary of the Treasury is  
25 authorized to use as a public-debt transaction the proceeds



1 from the sale of any securities issued under the Second  
2 Liberty Bond Act, as amended, and the purposes for which  
3 securities may be issued under the Second Liberty Bond  
4 Act, as amended, are extended to include any purchases  
5 of the Corporation's obligations hereunder.

6 "SEC. 8. The Corporation, including its franchise, capital,  
7 reserves and surplus, and its income shall be exempt from all  
8 taxation now or hereafter imposed by the United States, by  
9 any Territory, dependency, or possession thereof, or by  
10 any State, county, municipality, or local taxing authority,  
11 except that any real property of the Corporation shall be  
12 subject to special assessments for local improvements and  
13 shall be subject to State, Territorial, county, municipal, or  
14 local taxation to the same extent according to its value as  
15 other real property is taxed: *Provided*, That the special  
16 assessment and taxation of real property as authorized  
17 herein shall not include the taxation as real property of  
18 possessory interests, pipe lines, power lines, or machinery  
19 or equipment owned by the Corporation regardless of their  
20 nature, use, or manner of attachment or affixation to the land,  
21 building, or other structure upon or in which the same may  
22 be located. The exemptions provided for in the preceding  
23 sentence with respect to taxation (which shall, for all  
24 purposes, be deemed to include sales, use, storage, and



1 purchase taxes) shall be construed to be applicable not only  
2 with respect to the Corporation but also with respect to any  
3 other public corporation which is now or which may be  
4 hereafter wholly financed and wholly managed by the Cor-  
5 poration. Such exemptions shall also be construed to be  
6 applicable to loans made, and personal property owned  
7 by the Corporation or such other corporations, but such  
8 exemptions shall not be construed to be applicable in any  
9 State to any buildings which are considered by the laws of  
10 such State to be personal property for taxation purposes.  
11 Notwithstanding any other provision of law or any privi-  
12 lege or consent to tax expressly or impliedly granted  
13 thereby, the shares of preferred stock of national banking  
14 associations, and the shares of preferred stock, capital notes,  
15 and debentures of State banks and trust companies, acquired  
16 prior to July 1, 1947, by the Corporation, and the divi-  
17 dends or interest derived therefrom by the Corporation,  
18 shall not, so long as the Corporation shall continue to own  
19 the same, be subject to any taxation by the United States,  
20 by any Territory, dependency or possession thereof, or the  
21 District of Columbia, or by any State, county, municipality,  
22 or local taxing authority, whether now, heretofore, or here-  
23 after imposed, levied, or assessed, and whether for a past,  
24 present, or future taxing period.

25 "SEC. 9. In the event of termination of the powers

1 granted to the Corporation by section 4 of this Act prior to  
2 the expiration of its succession as provided in section 3, the  
3 board of directors shall, except as otherwise herein specifically  
4 authorized, proceed to liquidate its assets and wind up its  
5 affairs. It may with the approval of the Secretary of the  
6 Treasury deposit with the Treasurer of the United States as  
7 a special fund any money belonging to the Corporation or  
8 from time to time received by it in the course of liquidation,  
9 for the payment of its outstanding obligations, which fund  
10 may be drawn upon or paid out for no other purpose. Any  
11 balance remaining after the liquidation of all the Corpora-  
12 tion's assets and after provision has been made for payment  
13 of all legal obligations shall be paid into the Treasury of the  
14 United States as miscellaneous receipts. Thereupon the  
15 Corporation shall be dissolved and its capital stock shall be  
16 canceled and retired.

17 "SEC. 10. If at the expiration of the succession of the  
18 Corporation, its board of directors shall not have completed  
19 the liquidation of its assets and the winding up of its affairs.  
20 the duty of completing such liquidation and winding up of  
21 its affairs shall be transferred to the Secretary of the Treas-  
22 ury, who for such purpose shall succeed to all the powers  
23 and duties of the board of directors under this Act. In such  
24 event he may assign to any officer or officers of the United  
25 States in the Treasury Department the exercise and per-

1 formance, under his general supervision and direction, of  
2 any such powers and duties. When the Secretary of the  
3 Treasury shall find that such liquidation will no longer be  
4 advantageous to the United States and that all of the Cor-  
5 poration's legal obligations have been provided for, he shall  
6 retire any capital stock then outstanding, pay into the  
7 Treasury as miscellaneous receipts the unused balance of the  
8 moneys belonging to the Corporation, and make a final  
9 report to the Congress. Thereupon the Corporation shall  
10 be deemed to be dissolved.

11 "SEC. 11. (a) Whoever makes any statement knowing  
12 it to be false, or whoever willfully overvalues any security,  
13 for the purpose of obtaining for himself or for any applicant  
14 any loan, or extension thereof by removal, deferment of ac-  
15 tion or otherwise, or the acceptance, release, or substitution of  
16 security therefor, or for the purpose of influencing in any  
17 way the action of the Corporation, or for the purpose of  
18 obtaining money, property, or anything of value, under this  
19 Act, shall be punished by a fine of not more than \$5,000  
20 or by imprisonment for not more than two years, or both.

21 "(b) Whoever (1) falsely makes, forges, or counter-  
22 feits any note, debenture, bond, or other obligation, or  
23 coupon, in imitation of or purporting to be a note, debenture,  
24 bond, or other obligation, or coupon, issued by the Corpora-  
25 tion; or (2) passes, utters, or publishes, or attempts to pass,



1 utter or publish, any false, forged or counterfeited note,  
2 debenture, bond, or other obligation, or coupon, purporting  
3 to have been issued by the Corporation, knowing the same  
4 to be false, forged, or counterfeited; or (3) falsely alters  
5 any note, debenture, bond, or other obligation, or coupon,  
6 issued or purporting to have been issued by the Corporation;  
7 or (4) passes, utters, or publishes, or attempts to pass, utter,  
8 or publish, as true any falsely altered or spurious note,  
9 debenture, bond, or other obligation, or coupon, issued or  
10 purporting to have been issued by the Corporation, knowing  
11 the same to be falsely altered or spurious, or any person  
12 who willfully violates any other provision of this Act, shall  
13 be punished by a fine of not more than \$10,000, by im-  
14 prisonment for not more than five years, or both.

15 “(c) Whoever, being connected in any capacity with  
16 the Corporation, (1) embezzles, abstracts, purloins, or will-  
17 fully misapplies any moneys, funds, securities, or other things  
18 of value, whether belonging to it or pledged or otherwise  
19 entrusted to it; or (2) with intent to defraud the Corporation  
20 or any other body politic or corporate, or any individual, or  
21 to deceive any officer, auditor, or examiner of the Corpora-  
22 tion, makes any false entry in any book, report, or statement  
23 of or to the Corporation, or, without being duly authorized,  
24 draws any order or issues, puts forth, or assigns any note,  
25 debenture, bond, or other obligation, or draft, bill of exchange,

1 mortgage, judgment, or decree thereof; or (3) with intent  
2 to defraud participates, shares, receives directly or indirectly  
3 any money, profit, property, or benefit through any transac-  
4 tion, loan, commission, contract, or any other act of the  
5 Corporation; or (4) gives any unauthorized information  
6 concerning any future action or plan of the Corporation  
7 which might affect the value of securities, or having such  
8 knowledge, invests or speculates, directly or indirectly, in the  
9 securities or property of any company, bank, or corporation  
10 receiving loans or other assistance from the Corporation,  
11 shall be punished by a fine of not more than \$10,000 or by  
12 imprisonment for not more than five years, or both.

13 “(d) No individual, association, partnership, or cor-  
14 poration shall use the words ‘Reconstruction Finance Cor-  
15 poration’ or a combination of these three words, as the name  
16 or a part thereof under which he or it shall do business.  
17 Every individual, partnership, association, or corporation  
18 violating this prohibition shall be guilty of a misdemeanor  
19 and shall be punished by a fine of not exceeding \$1,000 or  
20 imprisonment not exceeding one year, or both.

21 “(e) The provisions of sections 112, 113, 114, 115,  
22 116, and 117 of the Criminal Code of the United States  
23 (U. S. C., title 18, ch. 5, secs. 202 to 207, inclusive),  
24 insofar as applicable, are extended to apply to contracts or  
25 agreements with the Corporation under this Act, which for



1 the purposes hereof shall be held to include loans, advances,  
2 discounts, and rediscounts; extensions and renewals thereof;  
3 and acceptances, releases, and substitutions of security there-  
4 for.

5 "SEC. 12. The Corporation is authorized to exercise the  
6 functions, powers, duties, and authority transferred to the  
7 Corporation by Public Law 109, Seventy-ninth Congress,  
8 approved June 30, 1945, but only with respect to programs,  
9 projects, or commitments outstanding on June 30, 1947.

10 "SEC. 13. If any provision of this Act or the applica-  
11 tion of such provision to any person or circumstances shall  
12 be held invalid, the validity of the remainder of this Act,  
13 and the applicability of such provision to other persons or  
14 circumstances, shall not be affected thereby."

## 15 TITLE II—MISCELLANEOUS

16 SEC. 201. No provision of this Act shall be construed so  
17 as to prevent the Corporation from disbursing funds on pur-  
18 chases, of securities and obligations, on loans made, or on com-  
19 mitments or agreements to make such purchases or loans,  
20 and liabilities incurred, pursuant to law prior to the effective  
21 date of this Act.

22 SEC. 202. The succession of United States Commercial  
23 Company, a corporation created by the Reconstruction  
24 Finance Corporation pursuant to section 5d (3) of the

1 Reconstruction Finance Corporation Act, as amended, is  
2 hereby extended through June 30, 1948.

3 SEC. 203. All assets and liabilities of every kind and  
4 nature, together with all documents, books of account, and  
5 records, of The RFC Mortgage Company, a corporation  
6 organized under the laws of the State of Maryland, all the  
7 capital stock of which is owned and held by the Reconstruc-  
8 tion Finance Corporation, shall be transferred to the Recon-  
9 struction Finance Corporation. With respect to the assets,  
10 liabilities, and records transferred, "Reconstruction Finance  
11 Corporation" for all purposes is hereby substituted for "The  
12 RFC Mortgage Company", and no suit, action, or other  
13 proceeding lawfully commenced by or against such corpora-  
14 tion shall abate by reason of the enactment of this Act, but  
15 the court, on motion or supplemental petition filed at any  
16 time within twelve months after the date of such enactment,  
17 showing a necessity for the survival of such suit, action, or  
18 other proceeding to obtain a determination of the questions  
19 involved, may allow the same to be maintained by or against  
20 the Reconstruction Finance Corporation.

21 SEC. 204. The Federal Loan Agency, created by Reor-  
22 ganization Plan Numbered 1 pursuant to the provisions of  
23 the Reorganization Act of 1939, approved April 3, 1939,  
24 is hereby abolished, and all its property and records are

1 hereby transferred to the Reconstruction Finance Corpora-  
2 tion.

3 SEC. 205. The Reconstruction Finance Corporation is  
4 authorized and directed to transfer as soon as practicable  
5 after the effective date of this Act, to the Secretary of the  
6 Treasury, and the Secretary of the Treasury is authorized  
7 and directed to receive, all of the stock of the Federal home-  
8 loan banks held by the Reconstruction Finance Corporation.  
9 The Secretary of the Treasury shall cancel notes of the  
10 Reconstruction Finance Corporation, and sums due and un-  
11 paid upon or in connection with such notes at the time of  
12 such cancellation, in an amount equal to the par value of  
13 the stock so transferred.

14 SEC. 206. The following Acts and portions of Acts are  
15 hereby repealed:

16 (a) Sections 1, 201, 202, 203, 204, 205, 206, 207,  
17 208, 209, and 211 of the Emergency Relief and Con-  
18 struction Act of 1932, approved July 21, 1932 (47 Stat.  
19 709), as amended;

20 (b) Section 304 of the Act approved March 9, 1933  
21 (48 Stat. 1), as amended;

22 (c) Sections 27, 32, 36, 37, and 38 of the Emergency  
23 Farm Mortgage Act of 1933, approved May 12, 1933  
24 (48 Stat. 41), as amended;

1 (d) Sections 5 and 19 (c) and the last two sentences  
2 of section 8 (b) of the Agricultural Adjustment Act, ap-  
3 proved May 12, 1933 (48 Stat. 33), as amended;

4 (e) The Act approved June 10, 1933 (48 Stat. 119),  
5 as amended;

6 (f) The last sentence of section 4 (b) of the Home  
7 Owners' Loan Act of 1933, approved June 13, 1933 (48  
8 Stat. 129), as amended;

9 (g) Sections 301 and 302 of the National Industrial  
10 Recovery Act, approved June 16, 1933 (48 Stat. 195),  
11 as amended;

12 (h) Section 84 of the Farm Credit Act of 1933, ap-  
13 proved June 16, 1933 (48 Stat. 257), as amended;

14 (i) The Act approved January 20, 1934 (48 Stat.  
15 318);

16 (j) The fourth paragraph of the Emergency Appro-  
17 priation Act, fiscal year 1935, approved June 19, 1934  
18 (48 Stat. 1056), and section 202 of the Public Works  
19 Administration Extension Act of 1937, approved June 29,  
20 1937 (50 Stat. 357);

21 (k) Sections 10, 13, 14, 15, and 16 of the Act ap-  
22 proved June 19, 1934 (48 Stat. 1105), as amended;

23 (l) So much of sections 4 and 602 of the National  
24 Housing Act, approved June 27, 1934 (48 Stat. 1247),



1 as amended, as relates to the Reconstruction Finance  
2 Corporation;

3 (m) The first section and sections 2, 3, 9, 11, and 13  
4 of the Act approved January 31, 1935 (49 Stat. 1), as  
5 amended;

6 (n) The Act approved August 24, 1935 (49 Stat.,  
7 ch. 646, p. 796) ;

8 (o) The Act approved March 20, 1936 (49 Stat.  
9 1185) ;

10 (p) The Act approved April 10, 1936 (49 Stat., ch.  
11 168, p. 1191) ;

12 (q) The first section of the Act approved January 26,  
13 1937 (50 Stat. 5) , as amended;

14 (r) The Act approved February 11, 1937 (50 Stat.  
15 19) , as amended;

16 (s) So much of section 32 (b) of the Farm Credit  
17 Act of 1937, approved August 19, 1937 (50 Stat. 703) ,  
18 as relates to the Reconstruction Finance Corporation and so  
19 much of section 33 (b) of the said Act as relates to the  
20 payment of the expenses of corporations formed by the con-  
21 solidation of two or more regional agricultural credit cor-  
22 porations ;

23 (t) So much of the Act approved June 25, 1938 (52  
24 Stat. 1193) , as relates to the Reconstruction Finance Cor-  
25 poration ;

1 (u) Section 12 of the Federal Highway Act of 1940.  
2 approved September 5, 1940 (54 Stat. 867) ;

3 (v) Section 5 of the Act approved June 10, 1941  
4 (55 Stat. 250) ;

5 (w) The Act approved October 23, 1941 (55 Stat..  
6 ch. 454, p. 744) ;

7 (x) The Act approved March 27, 1942 (56 Stat.,  
8 ch. 198, p. 174) ;

9 (y) The Act approved June 5, 1942 (56 Stat., ch.  
10 352, p. 326) ; and

11 (z) Sections 1 and 2 of Public Law 656, 79th Con-  
12 gress, approved August 7, 1946.

13 SEC. 207. The liquidation of the affairs of the Smaller  
14 War Plants Corporation administered by the Reconstruction  
15 Finance Corporation pursuant to Executive Order 9665 shall  
16 be carried out by the Reconstruction Finance Corporation,  
17 notwithstanding the provisions of the last paragraph of sec-  
18 tion 5 of the First War Powers Act, 1941. The Smaller  
19 War Plants Corporation is hereby abolished.

20 SEC. 208. (a) The Reconstruction Finance Corporation  
21 shall have the power to purchase any surplus property for  
22 resale, subject to regulations of the War Assets Administrator  
23 or his successor, to small business when, in its judgment,  
24 such disposition is required to preserve and strengthen the  
25 competitive position of small business. The purchase of

1 surplus property under this section shall be given priority  
2 under the Surplus Property Act of 1944, as amended, im-  
3 mediately following transfers to Government agencies under  
4 section 12 of such Act, as amended, and disposals to veterans  
5 under section 16 of such Act, as amended. The provisions  
6 of section 12 (c) of the Surplus Property Act of 1944, as  
7 amended, shall be applicable to purchases made under this  
8 section. The Reconstruction Finance Corporation shall not  
9 purchase any surplus property pursuant to this section unless  
10 a small business had previously made application to the  
11 Reconstruction Finance Corporation for such property. The  
12 Reconstruction Finance Corporation shall not purchase any  
13 real property for resale to small business pursuant to this  
14 section in any case where any person from whom the prop-  
15 erty had been acquired by a Government agency, gives  
16 notice in writing to the Reconstruction Finance Corporation  
17 that he intends to exercise his rights under section 23 of  
18 the Surplus Property Act, as amended.

19 (b) The Reconstruction Finance Corporation is further  
20 authorized for the purpose of carrying out the objectives of  
21 this section to arrange for sales of surplus property to small  
22 business concerns on credit or time basis.

23 (c) For the purposes of this section the terms "per-  
24 sons", "surplus property", and "Government agency" have

1 the same meaning as is assigned to such terms by section 3  
2 of the Surplus Property Act of 1944, as amended.

3 SEC. 209. During the period between June 30, 1947,  
4 and the date of enactment of legislation making funds avail-  
5 able for administrative expenses for the fiscal year ending  
6 June 30, 1948, the Corporation is authorized to incur, and  
7 pay out of its general funds, administrative expenses in  
8 accordance with laws in effect on June 30, 1947, such  
9 obligations and expenditures to be charged against funds  
10 when made available for administrative expenses for the  
11 fiscal year 1948.

12 SEC. 210. This Act shall take effect as of midnight  
13 June 30, 1947.





80<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

H. R. 3916

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## A BILL

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To amend the Reconstruction Finance Corporation Act, as amended, and to extend the succession and certain lending powers and functions of the Reconstruction Finance Corporation, and for other purposes.

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By Mr. WOLCOTT

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JUNE 20, 1947

Referred to the Committee on Banking and Currency







13. RECONSTRUCTION FINANCE CORPORATION. The Banking and Currency Committee reported without amendment H.R. 3916, to continue RFC (H.Rept. 626) (p. 7638).

14. ADJOURNED until Mon., June 23 (p. 7537).

SENATE - June 21

15. LABOR. Continued debate on the President's veto of H.R. 3020, the labor-management bill (pp. 7601-75).

16. FOREST LANDS. Received a Fla. Legislature resolution urging legislation requiring the Forest Service to sell or exchange certain lands in the Apalachicola National Forest (p. 7654).

17. RECESSED until Mon., June 23 (p. 7675).

BILLS INTRODUCED - June 20

18. FARM CREDIT. H.R. 3917, by Del. Bartlett, Alaska, "to amend section 5(a) of the Farm Credit Act of Aug. 19, 1937. To Agriculture Committee. (p. 7538.)

19. EMPLOYEES' COMPENSATION. H.R. 3927, by Rep. Michener, Mich., "to authorize certain expenditures from the employees' compensation fund." To Judiciary Committee. (p. 7538.)

20. LANDS. H.R. 3928, by Rep. Michener, to prescribe the measure of damages on account of trespass upon, or unlawful use of, and unlawful enclosure of lands or resources owned or controlled by the U.S. To Judiciary Committee. (p. 7538.)

21. PATENTS. H.R. 3929, by Rep. Michener, "to protect the United States in certain patent suits." To Judiciary Committee. (p. 7538.)

22. DAYLIGHT SAVING TIME. S. 1481, by Sen. McGrath, R.I., to authorize the D.C. Commissioners to establish daylight saving time in D. C. To D.C. Committee. (p. 7541.)

23. PERSONNEL. S. 1486, by Sen. Thye, Minn., (for himself and Sen. O'Connor, Md.), to provide for payment of salaries covering periods of separation from Government service in the case of employees improperly removed. To Civil Service Committee. (p. 7541.)

24. PUBLIC WORKS. S. 1487, by Sen. Sparkman, Ala., (for himself and Sen. Hill, Ala.), to remove restrictions upon loans by Federal agencies to finance certain public works. To Banking and Currency Committee. (p. 7541.)

25. FARM LABOR. H.R. 3856 (see Digest 113) the proposed "Migratory Farm Labor Act of 1947," would authorize the Labor Department to provide information relevant to migratory labor, labor-deficit areas and housing and working conditions; recruit, train, and place labor; provide transportation, housing, and health and medical care to workers and their families; and operate labor-supply centers and other necessary facilities. The bill would authorize placement only when employers agree to pay not less than minimum wage rates for the particular crop, area, or region; pay wages at not longer than semimonthly intervals; provide work for 75% of workdays in period covered; comply with all Federal, State, and local laws regarding employment and elect to cover workers by State and local workmen's compensation laws; and comply with certain standards for subsistence, transportation, or services and goods furnished workers. It would also transfer USDA farm-labor camps and facilities to the Labor Department; amend the Farmers'

Home Administration Act so as to except such transferred camps and facilities from the liquidation provision in that Act; provide for receipts derived from use and occupancy of agricultural labor supply centers to be made available for replenishment of subsistence supplies; and establish an advisory committee including USDA representatives.

26. FERTILIZERS. S. 1432 (see Digest 111) would authorize the Secretary of War to provide for the sale for domestic use of nitrogen or nitrogenous materials produced in War Department plants equal to two weeks' production of such plants, such amounts for sale to be in addition to amounts heretofor allocated for domestic use, and the proceeds to be deposited in Treasury miscellaneous receipts.
27. PERSONNEL. H.R. 3829 (see Digest 112) would permit payment of compensation to Philippine citizens in U.S. Government employe, even though they are not U.S. citizens, have not filed declarations of intention to become citizens, or do not owe allegiance to the U.S.

ITEMS IN APPENDIX - June 20

28. ST. LAWRENCE WATERWAY. Rep. Morrison, La., inserted his testimony opposing this project (p. A3190).
29. SUGAR CONTROLS. Rep. Schwabe, Okla., inserted a Tulsa Daily World editorial commending removal of sugar rationing (p. A3199).
30. FLOOD CONTROL. Sen. Murray, Mont., inserted an editorial, "Your Country's Soil is Being Stolen" (p. A3202).
31. APPROPRIATIONS. Rep. Scott, Pa., inserted a Newsweek article favoring economy in Government appropriations (p. A3220).
32. RECLAMATION. Rep. Douglas, Calif., inserted a statement by James G. Patton, Farmers' Union, opposing S. 912, regarding the Central Valley Project, as "the death knell of the family farm" (pp. A3227-30).

ITEMS IN APPENDIX - June 21

33. FOREIGN FOOD RELIEF. Rep. Larcade, La., inserted Allen Walker's (National Canners Assn.) article analyzing the situation with respect to the use of processed foods for foreign relief (pp. A3234-5).

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COMMITTEE-HEARINGS ANNOUNCEMENTS for June 21: S. Appropriations, USDA appropriation bill; H. Agriculture, Sugar Act continuation (Anderson testified). June 24-7: S. Agriculture, fertilizer bill; S. Appropriations, Government corporations appropriation bill. June 23: S. Interstate and Foreign Commerce, Federal communications bill; S. Appropriations, USDA appropriation bill; S. Agriculture, crop insurance (ex.); S. Public Lands, Central Arizona project; H. Appropriations, deficiency and D.C. appropriation bills (ex.); H. Judiciary, extending some provisions of Second War Powers Act(ex.); H. Rules, RFC extension.

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For supplemental information and copies of legislative material referred to, call Ext. 4654 or send to Room 113 Adm. Arrangements may be made to be kept advised, routinely, of developments on any particular bill.



## RECONSTRUCTION FINANCE CORPORATION ACT

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JUNE 21, 1947.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. WOLCOTT, from the Committee on Banking and Currency, submitted the following

### REPORT

[To accompany H. R. 3916]

The Committee on Banking and Currency, to whom was referred the bill (H. R. 3916) to amend the Reconstruction Finance Corporation Act, as amended, and to extend the succession and certain lending powers and functions of the Reconstruction Finance Corporation, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

### HISTORY OF THE RFC

The Reconstruction Finance Corporation was created by act of Congress approved January 22, 1932. The Corporation was formally organized and began operations on February 2, 1932. Originally it had lending powers for 1 year, which could be extended for another year by the President, and a life or succession of 10 years. The President extended its lending powers the additional year, and such powers were thereafter extended from time to time by the Congress. By the act of June 25, 1940, the lending powers and functions of the Corporation were extended from June 30, 1941, to January 22, 1947, approximately 5½ years, and its life or succession was extended from January 22, 1942, to January 22, 1947, 5 years. Thus its lending powers and functions became coextensive with its life or succession, both running to January 22, 1947. By Public Law 656 of the Seventy-ninth Congress, its powers and succession were extended to June 30, 1947. The latter brief extension of the Reconstruction Finance Corporation was made in order that the committee might conduct a full hearing with respect to the operations and powers of the Corporation during the first session of the Eightieth Congress.

The President's Reorganization Plan No. 1, effective July 1, 1939, under the Reorganization Act of that year, created a Federal Loan

Agency under a Federal Loan Administrator who was directed to supervise the administration and made responsible for the coordination of the functions of the Reconstruction Finance Corporation and certain other lending agencies. Executive Order No. 9071 of February 24, 1942, transferred all the functions, powers, and duties of the Federal Loan Agency and its Administrator relating to the Reconstruction Finance Corporation to the Department of Commerce until the termination of title I of the First War Powers Act of 1941. The act of February 24, 1945, reconstituted the Federal Loan Agency as an independent Government agency to supervise administration of the Reconstruction Finance Corporation and its subsidiaries and affiliated corporations then under the Department of Commerce.

The Corporation was created to assist in providing emergency financial facilities to distressed banks and other financial institutions and to aid in financing agriculture, commerce, industry, and railroads. Since the original act of 1932, the Congress has authorized the Corporation: (1) To purchase the capital stock of banks, insurance companies, agricultural credit corporations, national mortgage associations, and various governmental agencies; (2) to make loans to business enterprises, mining interests, agricultural improvement districts, public-school authorities, and various other classes of borrowers; (3) to assist in financing the construction of public works and various self-liquidating projects; and (4) in connection with the defense and war programs, to provide financing for purposes of plant conversion and construction, working capital, mining operations, and other activities; to provide war-production facilities; to provide supplies of, and to stock pile, strategic and critical materials including the payment of price subsidies, and to undertake a wide range of other activities incident to the war effort.

The capital stock of the Reconstruction Finance Corporation itself originally was fixed at \$500,000,000 but subsequently reduced by law to \$325,000,000. The capital stock, was subscribed and paid for by the Secretary of the Treasury on behalf of the United States. The original borrowing authority of the Corporation was in the amount of three times its subscribed capital stock, or \$1,500,000,000. This borrowing power has been enlarged to approximately 12 times that amount by subsequent legislation. The total borrowing power of the RFC as of March 31, 1947, is set forth in the following table:

GENERAL PURPOSES	
Original amount.....	\$1, 500, 000, 000
Increases.....	14, 650, 000, 000
Total.....	16, 150, 000, 000
Decreases:	
By act approved June 16, 1933.....	\$400, 000, 000
By note cancellations, act of Feb. 24, 1938.....	1, 660, 471, 835
	2, 060, 471, 835
Present note issue power.....	14, 089, 528, 165
Notes outstanding.....	7, 849, 391, 910
Balance available before commitments.....	6, 240, 136, 255
Commitments and obligations <sup>1</sup> .....	3, 765, 037, 374
Balance after commitments.....	2, 475, 098, 881

<sup>1</sup> A presently indeterminate amount of these commitments will be canceled.



## SPECIFIC PURPOSES

Secretary of Agriculture:		Amount authorized
Farm-tenant loans.....		\$277, 500, 000
Rural-rehabilitation loans.....		630, 000, 000
Rural-electrification loans.....		785, 000, 000
Joint-stock land-bank loans (Land Bank Commissioner).....		100, 000, 000
Crop loans (Land Bank Commissioner).....		200, 000, 000
		<hr/>
Cotton loans.....		1, 992, 500, 000
Federal Emergency Relief Administration (relief).....	( <sup>2</sup> <sup>3</sup> )	500, 000, 000
Federal Housing Administration:		
Defense housing fund (war housing insurance).....		10, 000, 000
Renovation and modernization loans, mutual mortgage insurance fund and expenses.....	( <sup>2</sup> <sup>4</sup> )	
Federal Deposit Insurance Corporation (debentures).....		250, 000, 000
Public Works Administration (purchase of securities).....		250, 000, 000
War Damage Corporation.....		1, 000, 000, 000
Mortgage-loan companies (capital).....		100, 000, 000
Preferred-stock banks.....	( <sup>2</sup> <sup>5</sup> )	75, 000, 000
Preferred-stock insurance companies.....		
		<hr/>
Secretary of the Treasury:		
Federal Home Loan Bank stock.....		125, 000, 000
Home Owners' Loan Corporation stock.....		200, 000, 000
Retirement, Reconstruction Finance Corporation capital stock.....		175, 000, 000
Purchase, Federal Home Land Bank stock.....		125, 000, 000
		<hr/>
		625, 000, 000
		<hr/>
Total amount authorized.....		4, 802, 500, 000
Cancellations:		
Authority used.....	\$1, 653, 463, 066	
Authority not used.....	105, 396, 934	
Repayments.....	75, 386, 437	
		<hr/>
		1, 834, 236, 437
		<hr/>
Balance of authorizations.....		2, 968, 263, 563
Notes outstanding.....		882, 534, 966
		<hr/>
Balance available before commitments.....		2, 085, 728, 597
Commitments.....		507, 009, 093
		<hr/>
Balance after commitments.....		1, 578, 719, 504

<sup>2</sup> Amount necessary.<sup>3</sup> Amount disbursed and notes canceled, \$3,300,000.<sup>4</sup> Amount disbursed and notes canceled, \$92,861,381.<sup>5</sup> Amount disbursed in the program approximately \$1,170,000,000. No notes canceled. Balance outstanding, \$170,213,974.

It will be noted from the above table the borrowing power of the RFC for general purposes amounts to \$14,089,528,165 and for specific purposes to \$4,802,500,000—a total authorized borrowing authority of \$18,892,028,165. In addition it should also be noted that the borrowing authority for specific purposes in three cases has no limitation other than the amount necessary to carry out the programs authorized by the Congress. Disbursements under the three unlimited programs are shown at the end of the table. These total \$1,266,161,381, of which the balance outstanding on March 31, 1947, amounted to \$170,213,974.

It was testified before the committee by representatives of the RFC that since the creation of the Corporation in 1932 it had disbursed \$34,777,951,477 up to December 31, 1946. Included in such

disbursements are \$3,055,497,545, principally for subsidies. Collections from repayments and sales of materials on net expenditures (\$34,777,951,477 less \$3,055,497,545) have been \$24,276,235,086, or 76.5 percent, and \$7,446,218,846 is still outstanding. Involved in this over-all program were disbursements and repayments in connection with loans, purchases of securities, construction of defense plants, purchases of strategic materials, production of synthetic rubber, payment of subsidies, and other purposes.

#### GENERAL STATEMENT

The committee has considered, after holding extensive hearings on the general subject of Federal credit and, incident thereto, specific questions involving the continuance of Reconstruction Finance Corporation, and reports a bill to amend the Reconstruction Finance Corporation Act, as amended, and to extend the succession and certain lending powers and functions of the Reconstruction Finance Corporation, and for other purposes.

Under the provisions of existing law, the succession of the Reconstruction Finance Corporation and all of its lending powers and other functions will terminate on June 30, 1947. Many of these grants of authority are contained in the Reconstruction Finance Corporation Act, as amended from time to time since 1932; others are found in separate statutes. They include various national-defense and war-time powers and other functions which have served their purposes and are no longer needed.

It is the purpose of this bill to extend the succession of the Corporation until June 30, 1949, simplify the provisions of the Reconstruction Finance Corporation Act, eliminate all powers which are no longer needed, and bring together in one act all of the general functions of the Corporation which should be continued. Accordingly, the bill provides for the amendment, with appropriate changes, of the Reconstruction Finance Corporation Act, as amended, and the repeal of a number of separate acts and portions of acts pertaining to the Reconstruction Finance Corporation.

The provisions of the bill would, for the most part, terminate the war-finance activities except for such activities that are being temporarily extended by separate legislation such as the Texas City tin smelter and the operations of the synthetic-rubber plant under Public Law 24 of the Eightieth Congress. The bill would terminate the Reconstruction Finance Corporation's existing authority to purchase the nonassessable stock in any national banking association, State bank or trust company for the purpose of supplying funds for capital purposes. It also terminates the existing authority for blanket participation in bank loans. The power given to the Reconstruction Finance Corporation to purchase loans guaranteed or insured under the Servicemen's Readjustment Act of 1944, as amended by the 1946 extension of the Reconstruction Finance Corporation's succession, would be terminated under the provisions of the bill. It was testified before the committee that at the present time the Reconstruction Finance Corporation was purchasing such loans without recourse which has the effect of allowing the original lending institution to refinance the loan on a 100-percent basis with the Government. The committee believes that unlimited authority of this kind might



have the potential result of consuming a large portion of the limited loaning and purchasing power under which the Reconstruction Finance Corporation will hereafter function. Such a program could in the opinion of the committee easily nullify the broad general purposes for which the Reconstruction Finance Corporation is continued.

It is the further opinion of the committee that the Reconstruction Finance Corporation should not be empowered to make foreign loans which power they have had and exercised in a limited degree in the past. Under the provisions of the bill the future lending powers of the Reconstruction Finance Corporation would be restricted to the United States, Alaska, Hawaii, and Puerto Rico. The committee believes that the making of foreign loans should be confined to the institutions created by the Congress for that purpose.

The U. S. Commercial Company, a subsidiary corporation of the RFC, is continued for 1 year through June 30, 1948. During the war the USCC was engaged primarily in the purchase of strategic commodities abroad and in preclusive purchasing programs to prevent enemy acquisition of materials and supplies essential to the conduct of hostilities. In its operations the USCC served as a financing and accounting agent while actual operations were the responsibility of the Foreign Economic Administration and its predecessor agencies.

With the end of hostilities operations of the USCC were directed, in the main, to handling exports and imports with the occupied areas, Germany and Japan. Operation responsibility is in the hands of the War and State Departments and in effect, USCC continues to be merely a financing and accounting agency for their operations.

The committee recognizes that following the end of hostilities there were many unavoidable obstacles to trade which precluded resumption of international trade with these areas through usual private channels. Yet early reestablishment of international trade by and with these areas was clearly desirable. The committee extended the life of USCC for 1 year in the hope that within that period it would be possible for the War and State Departments to so relax present restrictions that private channels of international trade can assume the major portion of the responsibility for such trade and that substantial progress can be made in the liquidation of USCC. The committee is strongly of the opinion that USCC should not engage in international trade operations whenever and wherever it is practicable to return these operations to private channels.

The provisions of the bill would prevent the Reconstruction Finance Corporation in the future from supplying the capital of other governmental agencies, or forming subsidiary corporations and capitalizing them. The committee is of the firm belief that the Reconstruction Finance Corporation should not be used as a source of capital funds for other governmental agencies. Pursuant to this policy the bill provides for the transfer to the Treasury of the capital stock of the Federal home-loan banks now owned by the Reconstruction Finance Corporation and the retirement of Reconstruction Finance Corporation notes held by the Treasury in like amount. Furthermore, the committee is in full accord with the provisions of H. R. 3601, the agriculture appropriations bill for the fiscal year 1948, already acted upon by the House, as it pertains to this matter. H. R. 3601 provides for the transfer to the Treasury of all rights and interests in loans previously made by the Reconstruction Finance Corporation pursuant

to the direction of the Congress for Rural Rehabilitation, Farm Tenancy, or Rural Electrification Administration, and cancellation of Treasury held Reconstruction Finance Corporation notes for such amounts. H. R. 3601 would further prohibit the Reconstruction Finance Corporation from making such loans in the future, and the committee is in complete accord with this policy. In furtherance of the general policy, the bill provides for the dissolution of the Reconstruction Finance Corporation Mortgage Company, a subsidiary of the Reconstruction Finance Corporation.

### SUMMARY

The committee recommends that the Reconstruction Finance Corporation be extended for a 2-year period, and that its lending authority and financial assistance be limited to the purposes stated in the bill and not to exceed \$2,000,000,000. Such \$2,000,000,000 is the limitation upon the new business of the Reconstruction Finance Corporation entered into after June 30, 1947. Outstanding loans and security holdings presently held by the Reconstruction Finance Corporation are to be liquidated as soon as possible, and the proceeds of such liquidation will be returned to the Treasury to retire Reconstruction Finance Corporation notes now held by the Treasury. The committee deems it desirable that this procedure be adopted, so that the Reconstruction Finance Corporation's past activities will be liquidated and the Reconstruction Finance Corporation will become a Corporation with a specific maximum lending authority of \$2,000,000,000. Moreover, the committee proposes to maintain the Reconstruction Finance Corporation with greatly diminished powers as a governmental financial agency which can be broadened by the Congress should circumstances require, but it is not to compete with private lending institutions. In the latter respect the Reconstruction Finance Corporation will, in all cases in extending such financial assistance, obtain tangible evidence that the financial assistance is not otherwise available from private lending sources on reasonable terms. This requirement is intended to prevent the Reconstruction Finance Corporation from extending credit in competition with available private lending facilities. When the credit is available from private sources on reasonable terms, the Reconstruction Finance Corporation is prohibited from originating the credit. In the event the credit is not available from private sources, the Reconstruction Finance Corporation in extending such credit, shall do so on terms and conditions that will not have the practical effect of making it a competitive source of credit. One of the factors to be considered by the Reconstruction Finance Corporation when rendering financial assistance is the comparable interest rates prevailing in the community.

### EXPLANATION OF THE BILL BY SECTIONS

#### TITLE I—AMENDMENT OF RECONSTRUCTION FINANCE CORPORATION ACT

Title I contains one section (sec. 101) which rewrites the Reconstruction Finance Corporation Act in the form of an amendment to the present act. Sections 2, 5a to 5h, 8, 11, 12, and 15 of the Reconstruction Finance Corporation Act would be eliminated; the other



sections would be renumbered and (except sees. 6 and 16) would be amended and a new section 12 would be added. The following is a section-by-section explanation of the changes which would be made in the existing provisions of the Reconstruction Finance Corporation Act.

*Section 1.*—This section, which provides for the creation of the Reconstruction Finance Corporation, would be amended to include a provision that the Corporation shall have capital stock of \$325,000,000, which is its present capitalization. The provision for capitalization is now contained in section 2 of the existing Reconstruction Finance Corporation Act, which section would be eliminated under this bill because all the other provisions contained in it have been executed.

*Section 2 (sec. 3 of the present act).*—The changes in this section would eliminate existing language which now seems unnecessary. The last sentence of the present section 3 relating to directors and officers of the Corporation participating in matters affecting their personal interests is incorporated in section 4 (c) of the act, as amended by this bill.

*Section 3 (sec. 4 of the present act).*—The first sentence of this section now provides that the Corporation shall have succession through June 30, 1947, unless it is sooner dissolved by Congress. The amendment to this sentence would extend the life or succession of the Corporation through June 30, 1949.

This section would be revised in four other respects apart from the elimination of unnecessary language. First, the provision which permits the Corporation to lease real estate for the transaction of its business would be revised to permit the Corporation to purchase as well as lease. Second, a new provision would grant to the Corporation the same exemptions from the payment of court costs, charges, and fees as are granted to the United States under the provisions of law referred to in the bill. Third, the provision relating to the employment and compensation of officers and employees would be clarified, but the powers of and limitations imposed upon the Corporation would be left precisely as they are at the present time. Fourth, a new provision contained in subsection (b) would provide that the right to recover compensation granted by the act, approved September 7, 1916, as amended (relating to compensation for injuries to employees of the United States), shall be in lieu of, and shall be construed to abrogate, any and all other rights and remedies which any person, except for this provision, might, on account of injury or death of an employee, assert against the Corporation or any of its subsidiaries.

*Section 4 (sec. 5 of the present act).*—In the original Reconstruction Finance Corporation Act, all of the lending powers of the Corporation were contained in sections 5 and 5a. Most of the additional lending powers and other functions which have been assigned to the Reconstruction Finance Corporation from time to time are now contained in sections 5b to 5h, inclusive, of the Reconstruction Finance Corporation Act; some are contained in separate statutes. Under the provisions of this bill, sections 5a to 5h, inclusive, would be eliminated, the separate acts or portions of acts which grant general lending or other powers to the Reconstruction Finance Corporation would be repealed, and all of the general lending powers and other functions

of the Corporation which are to be retained would be brought together in one section.

*Subsection (a)* of this section would authorize the Corporation to exercise the following functions:

(1) To purchase the obligations of, and make loans to, business enterprises, including interstate railroads and airlines: A business enterprise is an enterprise which is privately owned and operated for profit. The purchase of obligations (including equipment trust certificates) of, or the making of loans to, railroads or air carriers engaged in interstate commerce or receiver or trustees, is required to be with the approval of the Interstate Commerce Commission or the Civil Aeronautics Board, respectively. In the case of railroads or air carriers not in receivership or trusteeship, the Commission or the Board, as the case may be, is required, in connection with its approval of such purchases or loans, to certify that such railroad or air carrier, on the basis of present and prospective earnings, may be expected to meet its fixed charges without a reduction thereof through judicial reorganization except that such certificate shall not be required in the case of loans or purchases made for the acquisition of equipment or for maintenance. The authority to purchase the securities and obligations of and make loans to business enterprises is now provided by the first paragraph of section 5d of the Reconstruction Finance Corporation Act. Aid in providing intermediate and long-term credit to business enterprises, particularly small- and medium-size businesses, is one of the most active and important functions of the Corporation. The present Reconstruction Finance Corporation Act makes separate provision for loans to railroads engaged in interstate commerce upon approval by the Interstate Commerce Commission.

(2) To make loans to financial institutions: The authority to make such loans is now contained in the first sentence of section 5, which specifies various kinds of financial institutions such as banks, savings banks, trust companies, building and loan associations, insurance companies, mortgage-loan companies, credit unions, and various agricultural credit institutions. The amendment would not affect the scope of the present provision, but would substitute the term "financial institution" to cover the different kinds of financial institutions which are specified in the existing provision.

(3) In order to aid in financing projects authorized under Federal, State, or municipal law, to purchase the securities and obligations of, or make loans to, (A) municipalities and political subdivisions of States, (B) public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States, and (C) public corporations, boards, and commissions. But no such purchase or loan may be made for payment of ordinary governmental or non-project-operating expenses such as firemen's salaries as distinguished from purchases and loans to aid in financing specific public projects such as bridges, tunnels, drainage and irrigation works, water works, etc.

(4) To make loans necessary or appropriate because of floods or other catastrophes: This is a continuation of the authority to make disaster loans, now contained in the act of February 11, 1937, which established a Disaster Loan Corporation, as a subsidiary of the Reconstruction Finance Corporation. By joint resolution approved



June 30, 1945, Congress dissolved the Disaster Loan Corporation and transferred its functions to the Reconstruction Finance Corporation.

Subsections (b) to (g), which are described below, bring together a number of general provisions, some of which are now contained in the Reconstruction Finance Corporation Act, while others are found in the various separate acts relating to the Reconstruction Finance Corporation.

*Subsection (b)* would (1) continue the requirement that no financial assistance of the types authorized under paragraphs (1), (2), and (3) of section 4 (a) of the amended Reconstruction Finance Corporation Act shall be extended if the financial assistance applied for is otherwise available on reasonable terms; and (2) require that all securities and obligations purchased and all loans made pursuant to paragraphs (1), (2), and (3) of subsection (a) be of such sound value or so secured as reasonably to assure retirement or repayment. This requirement is identical with the existing security requirement for the purchase of obligations of and loans to business enterprises. In the case of loans to States, municipalities, and political subdivisions of States, there is no express security requirement under existing law, although the Corporation, in accordance with the apparent intent of Congress, has, in practice, required security. With respect to loans to financial institutions and railroads the present law requires "full and adequate" security. For the purpose of simplifying the statute, "full and adequate" would be eliminated and the requirement that obligations purchased and loans made shall be of such sound value or so secured as reasonably to assure retirement or repayment would apply to financial institutions and railroads. This change would not diminish the protection to the Corporation and the public funds which is provided by existing law; and

*Subsection (c)* of section 4 would provide a fixed dollar limitation of \$2,000,000,000 on the total amount of investments, loans, purchases, and commitments made pursuant to section 4 of the Reconstruction Finance Corporation Act.

*Subsection (d)* would prohibit the payment of any fee or commission in connection with an application for financial assistance from the Corporation. A similar provision is now contained in the third paragraph of section 5 of the Reconstruction Finance Corporation Act and in section 201 (i) of the Emergency Relief and Construction Act of 1932, and these existing provisions would be eliminated.

*Subsection (e)* would forbid any director, officer, or employee of the Corporation from participating in the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is interested. This provision is contained in section 3 of the existing Reconstruction Finance Corporation Act.

*Subsection (f)* provides that the powers granted to the Corporation by section 4 of the new Reconstruction Finance Corporation Act shall terminate at the close of business on June 30, 1949, but the termination of such powers shall not be construed (1) to prohibit disbursement of funds on purchases of securities and obligations, on loans, or on commitments or agreements to make such purchases or loans, made under the act prior to the close of business on such date, or (2)

to affect the validity or performance of any other agreement made or entered into pursuant to law.

*Subsection (g)* would, by reason of the definition of the term "State", extend the lending and other functions of the Corporation to the District of Columbia, Alaska, Hawaii, and Puerto Rico. This is a restatement of existing law.

*Section 5 (sec. 6 of the present act).*—This section would remain unchanged. In effect, it permits a national bank to borrow, if necessary, from the Reconstruction Finance Corporation, pursuant to the Reconstruction Finance Corporation Act, even though such borrowing might increase the bank's total indebtedness to an amount in excess of its unimpaired capital.

*Section 6 (sec. 7 of the present act).*—This section would remain unchanged to the extent that it authorizes and directs the Federal Reserve banks to act as custodians and fiscal agents for the Corporation and authorizes reimbursement to the Federal Reserve banks for such services. The provision authorizing the Corporation to utilize the Federal Reserve banks as depositories, including the maintenance of checking accounts, would be eliminated, since such authority, subject to the approval of the Secretary of the Treasury, is now provided by section 302 of the Government Corporation Control Act. In addition, the language which authorizes the Board of Directors to use moneys of the Corporation not otherwise employed for the retirement of obligations issued by the Corporation would be eliminated. Such language is unnecessary, since the Corporation clearly has the implied power to retire its obligations. Section 8 of the present act, which authorizes various agencies of the Government to assist the Corporation in certain respects, and requires every applicant for a loan to consent to such examination as the Corporation may require, has been entirely eliminated. No express provision is needed for either of these purposes.

*Section 7 (sec. 9 of the present act).*—Section 9 of the present act provides for general borrowing authority of three times the Corporation's subscribed capital. This provision, which established the original borrowing authority at \$1,500,000,000, has never been directly amended. However, the borrowing authority of the Corporation has been changed from time to time by other provisions of law enacted since 1932. All such provisions would be repealed by this bill and the section would contain a single provision, authorizing the Corporation to borrow from the Treasury funds in an amount, outstanding at any one time, sufficient to enable the Corporation to carry out the provisions of the Reconstruction Finance Corporation Act, and perform such other functions as may be assigned to it under any other provision of law. In addition, the section would provide that the Corporation shall pay interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States.

The present section 9 permits the sale of the Corporation's obligations to the general public, a power which has not been exercised for a number of years. The new provision would permit the sale of such obligations only to the Treasury. In view of this change, section 11 of the present act relating to forms, plates, dies, etc., in preparation for sale of obligations to the public, is eliminated. Section 12 of the



present act, which authorizes the Secretary of the Treasury to designate the Corporation as a depository of public funds, is also eliminated. The Corporation has never been so designated and there seems to be no reason for retaining this provision.

*Section 8 (sec. 10 of the present act).*—This section exempts the Reconstruction Finance Corporation and its subsidiaries from all taxation, except for certain specified taxes. The provision for the exemption of the subsidiaries, which was added by the act of June 10, 1941, lists the names of the subsidiaries which were then in existence. Most of these subsidiaries have since been dissolved, and the amendment to this section would eliminate all references to specifically named subsidiaries of the Reconstruction Finance Corporation. In addition, this section would be amended by adding a provision (now contained in sec. 304 of the Emergency Banking Act of March 9, 1933, as amended) providing that preferred stock, capital notes, and debentures of banks and the income therefrom shall be exempt from taxation. This section is also amended to specifically provide that real property of the Corporation shall be subject to special assessments for local improvements. A proviso would be inserted to the effect that the taxation (including special assessments) of real property shall not include the taxation as real property of possessory interests, pipe lines, power lines, or machinery or equipment owned by the Corporation regardless of their nature, use, or manner of attachment or affixation to the land, building, or other structure upon or in which the same may be located.

*Section 9 (sec. 13 of the present act).*—This section, as amended by this bill, would provide that in the event of the termination of the Corporation's powers under section 4 prior to the expiration of the succession of the Corporation under section 3, the Board of Directors shall proceed to liquidate its assets and wind up its affairs. The other language in the section would be condensed and simplified, without effecting any changes in substance.

*Section 10 (sec. 14 of the present act).*—Section 14 of the present act provides that if, prior to July 1, 1947, the Board of Directors of the Corporation shall not have completed the liquidation of its assets and the winding up of its affairs, these duties shall be transferred to the Secretary of the Treasury. The date specified in this provision refers to the termination of the Corporation's life or succession and the amendment would change the date so that it would conform to the period of succession provided by section 3. In addition, the language of the section would be simplified.

*Section 11 (sec. 16 of the present act).*—This section, relating to criminal penalties, remains unchanged.

*Section 12.*—This section is new. Public Law 109, Seventy-ninth Congress, approved June 30, 1945, dissolved certain of the defense corporations which had been created by Reconstruction Finance Corporation pursuant to section 5d (3) of the Reconstruction Finance Corporation Act, as amended, and transferred to the Reconstruction Finance Corporation all their functions, powers, duties, and authority. The Reconstruction Finance Corporation since that time has been exercising these powers to the extent required in the transition from war to peace. This section would preserve these powers, but only with respect to programs, projects, or commitments outstanding on June 30, 1947, thus enabling the Corporation to continue certain

operations considered essential in connection with the reconversion program, such as the continued operation of the Texas City tin smelter, the production of synthetic rubber, certain defense-plant operations, and the continuation of a limited number of strategic and critical-materials programs.

While the limited powers retained by this section are intended to be temporary, they would permit the continuation of these essential programs until Congress has had an opportunity to determine what the policy of the Government should be with respect to each.

*Section 13 (sec. 17 of the present act).*—This section is revised to conform to the usual separability provision. The first sentence of the existing section would be eliminated as unnecessary.

## TITLE II—MISCELLANEOUS

*Section 201.*—This section provides that no provision in the bill shall be construed so as to prevent the Corporation from disbursing funds on purchases of securities and obligations, on loans made, or on commitments or agreements to make such purchases or loans, and liability incurred, pursuant to law prior to the effective date of the bill.

*Section 202.*—This section extends the powers of U. S. Commercial Company through June 30, 1948. This will enable that Corporation to continue for this limited period to assist the War Department and the State Department in carrying out certain foreign programs necessitated by their responsibilities in occupied and liberated areas.

*Section 203.*—This section directs the transfer of all the assets and liabilities of the RFC Mortgage Company, a Maryland corporation, to the Reconstruction Finance Corporation.

*Section 204.*—This section abolishes the Federal Loan Agency. This Agency was originally established pursuant to the provisions of the Reorganization Act of 1939 for the purpose of supervising and coordinating a number of Government lending agencies. Substantially all of these agencies have since been given independent status, transferred by Executive order to other agencies, or liquidated. In view of this your committee feels that there is no longer a necessity for continuing the Federal Loan Agency.

*Section 205.*—Your committee believes that all Government agencies should be financed directly through the Treasury and, therefore, section 5 of the bill directs the Reconstruction Finance Corporation to transfer to the Secretary of the Treasury stock of the Federal home-loan banks now held by the Reconstruction Finance Corporation.

*Section 206.*—This section repeals numerous acts and portions of acts relating to the Reconstruction Finance Corporation. Many of the provisions are obsolete because they have been executed. Others are obsolete either because there is no longer a need for the authority or on account of the fact that the functions have been vested in other agencies of the Government. The provisions still needed have been incorporated in the new Reconstruction Finance Corporation Act. A brief summary of the repealed provisions appears at the end of this report.

*Section 207.*—This section authorizes the Reconstruction Finance Corporation to carry out the liquidation of the affairs of the Smaller War Plants Corporation, now administered by the Reconstruction



Finance Corporation pursuant to Executive Order 9665, and would abolish the Smaller War Plants Corporation.

*Section 208.*—This section authorizes the Reconstruction Finance Corporation to make the priority purchase of surplus property for resale to small business (previously provided in sec. 18 (e) of the Surplus Property Act of 1944, as amended), in substantially the same manner as was provided in H. R. 2535 which passed the House in March, except that the Corporation is prohibited (1) from purchasing any surplus property pursuant to this section unless a small business had previously made application to the corporation for such property, and (2) from purchasing any real property for resale to small business pursuant to this section in any case where any person from whom the property had been acquired by a Government agency gives notice in writing to the Corporation that he intends to exercise his rights under section 23 of the Surplus Property Act, as amended.

*Section 209.*—This section permits the Corporation, pending the enactment of legislation making its funds available for administrative expenses for the fiscal year ending June 30, 1948, to use temporarily its general funds for payment of administrative expenses in accordance with laws in effect on June 30, 1947.

*Section 210.*—This section provides that the bill shall take effect as of midnight June 30, 1947.

#### CHANGES IN EXISTING LAW

In compliance with paragraph 2 (a) of rule XIII of the Rules of the House of Representatives, the existing Reconstruction Finance Corporation Act, as amended, and the act as proposed to be amended by the bill as introduced are set forth below in parallel columns:

#### RECONSTRUCTION FINANCE CORPORATION ACT, APPROVED JANUARY 22, 1932 AS AMENDED

AN ACT To provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That there be, and is hereby, created a body corporate with the name "Reconstruction Finance Corporation" (herein called the corporation). That the principal office of the corporation shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the board of directors. This Act may be cited as the "Reconstruction Finance Corporation Act."

SEC. 2. The corporation shall have capital stock of \$500,000,000, subscribed by the United States of America, payment for which shall be subject to call in whole or in part by the board of directors of the corporation.

#### RECONSTRUCTION FINANCE CORPORATION ACT, AS PROPOSED TO BE AMENDED BY THE BILL AS INTRODUCED

SEC. 1. There is hereby created a body corporate with the name "Reconstruction Finance Corporation" (herein called the Corporation) with a capital stock of \$325,000,000 subscribed by the United States of America. Its principal office shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the board of directors. This Act may be cited as the "Reconstruction Finance Corporation Act".

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There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$500,000,000, for the purpose of making payments upon such subscription when called: *Provided*, That \$50,000,000 of the amount so subscribed, and the expansion of same through the notes, debentures, bonds, or other obligations as set out in section 9 (as in force prior to the enactment of the Emergency Relief and Construction Act of 1932), shall be allocated and made available to the Secretary of Agriculture, which sum, or so much thereof as may be necessary, shall be expended by the Secretary of Agriculture for the purpose of making loans or advances to farmers in the several States of the United States in cases where he finds that an emergency exists as a result of which farmers are unable to obtain loans for crop production during the year 1932: *Provided further*, That the Secretary of Agriculture shall give preference in making such loans or advances to farmers who suffered from crop failures in 1931. Such advances or loans shall be made upon such terms and conditions and subject to such regulations as the Secretary of Agriculture shall prescribe. A first lien on all crops growing, or to be planted and grown, shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security for such loan or advance. All such loans or advances shall be made through such agencies as the Secretary of Agriculture may designate, and in such amounts as such agencies, with the approval of the Secretary of Agriculture, may determine. Any person who shall knowingly make any material false representation for the purpose of obtaining an advance or loan, or in assisting in obtaining such advance or loan under this section shall, upon conviction thereof, be punished by a fine of not exceeding \$1,000 or by imprisonment not exceeding six months, or both.

Receipts for payments by the United States of America for or on account of such stock shall be issued by the corporation to the Secretary of the Treasury and shall be evidence of the stock ownership of the United States of America.

In order to enable the Secretary of the Treasury to make payments upon stock of Federal Home Loan Banks subscribed for by him in accordance with the Federal Home Loan Bank Act, the sum of \$125,000,000, or so much thereof as may be necessary for such purpose, is hereby allocated and made



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available to the Secretary of the Treasury out of the capital of the corporation and/or the proceeds of notes, debentures, bonds, and other obligations issued by the corporation. For the purposes of this paragraph, the corporation shall issue such notes, bonds, debentures, and other obligations as may be necessary.

The Corporation is authorized to make payments from time to time to the Secretary of the Treasury in amounts to be determined by the Corporation, with the approval of the Federal Loan Administrator, for the partial retirement of its capital stock at par and in payment of dividends from earnings. The aggregate amount of notes debentures, bonds, or other such obligations which the Corporation is authorized to issue and have outstanding at anyone time under the provisions of law in force on the date this paragraph takes effect shall not be decreased by reason of any retirement of capital stock under this paragraph, and such aggregate amount is hereby increased by an amount sufficient to carry out the provisions of this paragraph and of the second paragraph of section 304 of the Act of March 9, 1933, as amended.

The Corporation, on or before June 30, 1941, may retire its capital stock and pay dividends under the preceding paragraph of this section, and may purchase stock of the Federal home-loan banks under section 304 of the Act of March 9, 1933, as amended, in an aggregate amount of not to exceed \$300,000,000 to be determined by the Secretary of the Treasury; but the Corporation, with the approval of the Federal Loan Administrator, shall determine that portion of such aggregate amount which may be used for the retirement of the capital stock of the Corporation, the payment of dividends, and the purchase of such stock of the Federal home-loan banks.

SEC. 3. The management of the Corporation shall be vested in a board of directors consisting of five persons appointed by the President of the United States by and with the advice and consent of the Senate. Of the five members of the board not more than three shall be members of any one political party and not more than one shall be appointed from any one Federal Reserve district. Each director shall devote his time not otherwise required by the business of the United States principally to the business of the corporation. Before entering upon his duties each of the directors so appointed and each officer of the corporation shall take

SEC. 2. The management of the Corporation shall be vested in a board of directors consisting of five persons appointed by the President of the United States by and with the advice and consent of the Senate. Of the five members of the board, not more than three shall be members of any one political party, and not more than one shall be appointed from any one Federal Reserve district. Each director shall devote his time principally to the business of the Corporation. The terms of the directors shall be two years but they may continue in office until their successors are appointed and qualified. Whenever a vacancy shall occur other than

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an oath faithfully to discharge the duties of his office. Nothing contained in this or in any other Act shall be construed to prevent the appointment and compensation as an employee of the corporation of any officer or employee of the United States in any board, commission, independent establishment, or executive department thereof. The terms of the directors appointed by the President of the United States shall be two years and run from the date of the enactment hereof and until their successors are appointed and qualified. Whenever a vacancy shall occur among the directors so appointed, the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. The directors of the corporation appointed as hereinbefore provided shall receive salaries at the rate of \$10,000 per annum each. No director, officer, attorney, agent, or employee of the corporation shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly interested.

SEC. 4. The corporation shall have succession through June 30, 1947, unless it is sooner dissolved by an Act of Congress. It shall have power to adopt, alter, and use a corporate seal, which shall be judicially noticed; to make contracts; to lease such real estate as may be necessary for the transaction of its business; to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal; to select, employ, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the corporation, without regard to the provisions of other laws applicable to the employment and compensation of officers or employees of the United States; to define their authority and duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and to prescribe, amend, and repeal, by its board of directors, by-laws, rules, and regulations governing the manner in which its general business may be conducted and the powers granted to it by law may be exercised and enjoyed, including the selection of its chairman and vice chairman, together with provision for such committees and the functions thereof as the board of directors may deem

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by expiration of term the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. The directors, except the chairman, shall receive salaries at the rate of \$12,500 per annum each. The chairman of the board of directors shall receive a salary at the rate of \$15,000 per annum.

SEC. 3. (a) The Corporation shall have succession through June 30, 1949, unless it is sooner dissolved by an Act of Congress. It shall have power to adopt, alter, and use a corporate seal; to make contracts; to lease or purchase such real estate as may be necessary for the transaction of its business; to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal: *Provided*, That the Corporation shall be entitled to and granted the same immunities and exemptions from the payment of costs, charges, and fees as are granted to the United States pursuant to the provisions of law codified in sections 543, 548, 555, 557, 578, and 578a of title 28 of the United States Code, 1940 edition; to select, employ, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the Corporation, in accordance with laws applicable to the Corporation, as in effect on June 30, 1947, and as thereafter amended; and to prescribe, amend, and repeal, by its board of directors, bylaws, rules, and regulations governing the manner in which its general business may be conducted. Except as may be otherwise provided in this Act, the board of directors of the Corporation shall determine the necessity



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necessary for facilitating its business under this Act. The board of directors of the corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid. The corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The corporation, with the consent of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, facilities, officers, and employees thereof in carrying out the provisions of this Act.

SEC. 5. To aid in financing agriculture, commerce, and industry, including facilitating the exportation of agricultural and other products, the Corporation is authorized and empowered to make loans, upon such terms and conditions not inconsistent with this Act as it may determine, to any bank, savings bank, trust company, building and loan association, insurance company, mortgage-loan company, credit union, Federal land bank, joint-stock land bank, Federal intermediate credit bank, agricultural credit corporation, livestock credit corporation, organized under the laws of any State or of the United States, including loans secured by the assets of any bank, savings bank, or building and loan association that is closed, or in process of liquidation to aid in the reorganization or liquidation of such banks or building and loan associations, upon application of the receiver or liquidating agent of such bank or building and loan association, and any receiver of any national bank is hereby authorized to contract for such loans and to pledge any assets of the bank for securing the same.

All loans made under the foregoing provisions shall be fully and adequately secured. The corporation, under such conditions as it shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by it as security for such loans. Such loans may be made directly upon promissory notes or by way of discount or rediscount of obligations tendered for the purpose, or otherwise in such

for and the character and amount of its obligations and expenditures under this Act and the manner in which they shall be budgeted, incurred, allowed, paid, and accounted for, without regard to the provisions of any other laws governing the expenditure of public funds and such determinations shall be final and conclusive upon all other officers of the Government. The Corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government.

(b) Notwithstanding any other provision of law, the right to recover compensation granted by the Act approved September 7, 1916, as amended (5 U. S. C., sec. 751), shall be in lieu of, and shall be construed to abrogate, any and all other rights and remedies which any person, except for this provision, might, on account of injury or death of an employee, assert against the Corporation or any of its subsidiaries.

SEC. 4. (a) To aid in financing agriculture, commerce, and industry, to help in maintaining the economic stability of the country and to assist in promoting maximum employment and production, the Corporation, within the limitations hereinafter provided, is authorized—

(1) To purchase the obligations of and to make loans to any business enterprise organized or operating under the laws of any State or the United States: *Provided*, That the purchase of obligations (including equipment trust certificates) of, or the making of loans to railroads or air carriers engaged in interstate commerce or receivers or trustees thereof, shall be with the approval of the Interstate Commerce Commission or the Civil Aeronautics Board, respectively: *Provided further*, That in the case of railroads or air carriers not in receivership or trusteeship, the Commission or the Board, as the case may be, in connection with its approval of such purchases or loans, shall also certify that such railroad or air carrier, on the basis of present and prospective earnings, may be expected to meet its fixed charges without a reduction thereof through judicial reorganization except that such certificates shall not be required in the case of loans or purchases made for the acquisition of equipment or for maintenance.

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form and in such amount and at such interest or discount rates as the corporation may approve: *Provided*, That no loans or advances shall be made upon foreign securities or foreign acceptances as collateral or for the purpose of assisting in the carrying or liquidation of such foreign securities and foreign acceptances. In no case shall the aggregate amount of advances made under this section to any one corporation and its subsidiary or affiliated organizations exceed at any one time 2½ per centum of (1) the authorized capital stock of the Reconstruction Finance Corporation plus (2) the aggregate amount of bonds of the corporation authorized to be outstanding when the capital stock is fully subscribed: *Provided*, That such limitation shall not apply to advances to receivers or other liquidating agents of closed banks when made for the purpose of liquidation or reorganization.

Each such loan may be made for a period not exceeding three years, and the corporation may from time to time extend the time of payment of any such loan, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond five years from the date upon which such loan was made originally. The corporation may make loans under this section at any time prior to the expiration of one year from the date of the enactment hereof; and the President may from time to time postpone such date of expiration for such additional period or periods as he may deem necessary, not to exceed two years from the date of the enactment hereof. Within the foregoing limitations of this section, the Corporation, notwithstanding any limitation of law as to maturity, with the approval of the Interstate Commerce Commission, including approval of the price to be paid, may, to aid in the financing, reorganization, consolidation, maintenance, or construction thereof, purchase for itself, or for account of a railroad obligated thereon, the obligations of railroads engaged in interstate commerce, or of receivers or trustees thereof, including equipment trust certificates, or guarantee the payment of the principal of, and/or interest on, such obligations, including equipment trust certificates, or, when, in the opinion of the Corporation, funds are not available on reasonable terms through private channels, make loans, upon full and adequate security, to such railroads or to receivers or trustees thereof for the purposes aforesaid: *Provided*, That in the case of

(2) To make loans to any financial institution organized under the laws of any State or of the United States.

(3) In order to aid in financing projects authorized under Federal, State, or municipal law, to purchase the securities and obligations of, or make loans to, (A) municipalities and political subdivisions of States, (B) public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States, and (C) public corporations, boards, and commissions: *Provided*, That no such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses as distinguished from purchases and loans to aid in financing specific public projects.



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loans to or the purchase or guarantee of obligations, including equipment trust certificates, of railroads not in receivership or trusteeship, the Interstate Commerce Commission shall, in connection with its approval thereof, also certify that such railroad, on the basis of present and prospective earnings, may reasonably be expected to meet its fixed charges, without a reduction thereof through judicial reorganization, except that such certificate shall not be required in case of such loans, purchases, or guaranties made for the maintenance of, or purchase of equipment for, such railroads: *Provided further*, That for the purpose of determining the general funds of the Corporation available for further loans or commitments, such guaranties shall, to the extent of the principal amount of the obligations guaranteed, be interpreted as loans or commitments for loans: *And provided further*, That the total amount of loans and commitments to railroads, receivers, and trustees, and purchases and guaranties of obligations of railroads, under this paragraph, as amended, shall not exceed at any one time \$500,000,000, in addition to loans and commitments made prior to January 31, 1935, and renewals of loans and commitments so made: *Provided*, That no fee or commission shall be paid by any applicant for a loan under the provisions hereof in connection with any such application or any loan made or to be made hereunder, and the agreement to pay or payment of any such fee or commission shall be unlawful. Any such railroad may obligate itself in such form as shall be prescribed and otherwise comply with the requirements of the Interstate Commerce Commission and the corporation with respect to the deposit or assignment of security hereunder, without the authorization or approval of any authority, State or Federal, and without compliance with any requirement, State or Federal, as to notification, other than such as may be imposed by the Interstate Commerce Commission and the corporation under the provisions of this section. The title of any owner, whether as trustee or otherwise, to any property leased or conditionally sold to a railroad, or a receiver or trustee thereof, which the Corporation has financed, or in the financing of which the Corporation has aided, any right of such owner to take possession of such property in compliance with the provisions of any such lease or conditional sales contract, and the title of any owner of a collateral

(4) To make such loans, in an aggregate amount not to exceed \$25,000,000 outstanding at any one time, as it may determine to be necessary or appropriate because of floods or other catastrophes.

(b) No financial assistance shall be extended pursuant to paragraphs (1), (2), and (3) of subsection (a) of this section, unless the financial assistance applied for is not otherwise available on reasonable terms. All securities and obligations purchased and all loans made under paragraphs (1), (2), and (3) of subsection (a) of this section shall be of such sound value or so secured as reasonably to assure retirement or repayment and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise.

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note evidencing a loan from the Corporation to a railroad not now in receivership or involved in proceedings under section 77 of the Bankruptcy Act, or a receiver or trustee thereof, and the right of any such owner to acquire title to the collateral securing such note, free and clear of any equity of redemption, in compliance with the contract of pledge, and thereafter to deal with the same as the absolute owner thereof, shall not be affected, restricted, or restrained by or pursuant to the provisions of the Act of July 1, 1898, entitled "An Act to establish a uniform system of bankruptcy throughout the United States", as amended, or by or pursuant to any other provision of law applicable to any proceedings thereunder.

The Reconstruction Finance Corporation is further authorized and empowered to make loans if adequately secured to any State insurance fund established or created by the laws of any State for the purpose of paying or insuring payment of compensation to injured workmen and those disabled as a result of disease contracted in the course of their employment, or to their dependents. As used in this paragraph, the term "State" includes the several States and Alaska, Hawaii, and Puerto Rico.

The Reconstruction Finance Corporation is further authorized and empowered to make loans if adequately secured to any fund created by any State for the purpose of insuring the repayment of deposits of public moneys of such State or any of its political subdivisions in banks or depositories qualified under the law of such State to receive such deposits. Such loans may be made at any time prior to January 23, 1934, and upon such terms and conditions as the corporation may prescribe; except that any fund which receives a loan under this paragraph shall be required to assign to the corporation, to the extent of such loan, all amounts which may be received by such fund as dividends or otherwise from the liquidation of any such bank or depository in which deposits of such public moneys were made. As used in this paragraph, the term "State" includes the several States and Alaska, Hawaii, and Puerto Rico.

(e) The total amount of investments, loans, purchases, and commitments made pursuant to this section 4 shall not exceed \$2,000,000,000 outstanding at any one time.

(d) No fee or commission shall be paid by any applicant for financial assistance under the provisions of this Act in connection with any such application, and any agreement to pay or payment of any such fee or commission shall be unlawful.

(e) No director, officer, attorney, agent, or employee of the Corporation in any manner, directly or indirectly, shall participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly interested.

(f) The powers granted to the Corporation by this section shall terminate at the close of business on June 30, 1949, but the termination of such powers shall not be construed (1) to prohibit disbursement of funds on purchases of securities and obligations, on loans, or on commitments or agreements to make such purchases or loans, made under this Act prior to the close of business on such date, or (2) to affect the validity or

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performance of any other agreement made or entered into pursuant to law.

(g) As used in this Act, the term "State" includes the District of Columbia, Alaska, Hawaii, and Puerto Rico.

SEC. 5a. The corporation is authorized and empowered to accept drafts and bills of exchange drawn upon it which grow out of transactions involving the exportation of agricultural or other products actually sold or transported for sale subsequent to the enactment hereof and in process of shipment to buyers in foreign countries: *Provided*, That the corporation shall not make any such acceptances growing out of transactions involving the sale or shipment of armaments, munitions, or other war materials, or the sale or shipment into countries which are at war of any merchandise or commodities except food and supplies for the actual use of noncombatants. No bill of exchange or draft shall be eligible for acceptance if such bill shall have at time of acceptance a maturity of more than twelve months. All drafts and bills of exchange accepted under this section shall be in terms payable in the United States, in currency of the United States, and in addition to the draft or bill of exchange shall at all times be fully secured by American securities deposited as collateral or shall be guaranteed by a bank or trust company of undoubted solvency organized under the laws of the United States or any State, Territory, or insular possession thereof: *Provided*, That such securities shall not include goods stored or in process of shipment in foreign countries or the obligation of any foreign government, corporation, firm, or person.

SEC. 5b. Notwithstanding any other provision of law—

(1) The maturity of drafts or bills of exchange which may be accepted by the Corporation under section 5a of this Act, and the period for which the Corporation may make loans or advances under sections 201 (c) and 201 (d) of the Emergency Relief and Construction Act of 1932, as amended, and under section 5 of this Act, may be five years, or any shorter period, from February 1, 1935: *Provided*, That in respect of loans or advances under such section 5 to railroads, railways, and receivers or trustees thereof, the Corporation may require as a condition of making any such loan or advance for a period longer than three years that such arrangements be made for the reduction or amortization of the indebtedness of the railroad or railway,



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either in whole or in part, as may be approved by the Corporation after the prior approval of the Interstate Commerce Commission.

(2) The Corporation may at any time, or from time to time, extend, or consent to the extension of, the time of payment of any loan or advance made by it, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond five years from February 1, 1935: *Provided*, That the time of payment of loans or advances to railroads, railways, and receivers or trustees thereof, shall not be so extended except with the prior approval of the Interstate Commerce Commission, and, in the case of a loan to a railroad or railway, with the prior certification of the Interstate Commerce Commission that the railroad or railway is not in need of financial reorganization in the public interest.

(3) In connection with the reorganization under section 77 of the Federal Bankruptcy Act, approved July 1, 1898, as amended, or with receivership proceedings in a court or courts, of any railroad or railway indebted to the Corporation, or of any railroad or railway the receivers or trustees of which are indebted to the Corporation, the Corporation may, with the prior approval of the Interstate Commerce Commission, adjust or compromise its claim against such railroad or railway, or any such receiver or trustee, by accepting, in connection with any such reorganization or receivership proceedings and in exchange for securities or any part thereof then held, new securities which may have such terms as to interest, maturity, and otherwise as may be approved by the Corporation, or part cash and part new securities so approved: *Provided*, That any such adjustment or compromise shall not be made on less favorable terms than those provided in the reorganization of the railroad or railway for holders of claims of the same class and rank as the claim of the Corporation.

Sec. 5c. To assist in the reestablishment of a normal mortgage market, the Reconstruction Finance Corporation may, with the approval of the President, subscribe for or make loans upon the nonassessable stock of any class of any national mortgage association organized under Title III of the National Housing Act and of any mortgage loan company, trust company, savings and loan association, or other similar financial institution, now or hereafter incorporated



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under the laws of the United States, or of any State, or of the District of Columbia, the principal business of which institution is that of making loans upon mortgages, deeds of trust, or other instruments conveying, or constituting a lien upon, real estate or any interest therein. In any case in which, under the laws of its incorporation, such financial institution is not permitted to issue nonassessable stock, the Reconstruction Finance Corporation is authorized, for the purposes of this section, to purchase the legally issued capital notes or debentures of such financial institutions. The total face amount of loans outstanding, nonassessable stock subscribed for, and capital notes and debentures purchased and held by the Reconstruction Finance Corporation, under this section, shall not exceed at any one time \$100,000,000. Notwithstanding any other provision of law, the Reconstruction Finance Corporation may, under such rules and regulations as it may prescribe (which regulations shall include at least sixty days' notice of any proposed sale to the issuer or maker), sell, at public or private sale, the whole or any part of the stock, capital notes, or debentures acquired by the Corporation pursuant to this section, and the preferred stock, capital notes, or debentures acquired pursuant to any other provision of law. The amount of notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized and empowered to issue and to have outstanding at any one time under existing law is hereby increased by an amount sufficient to carry out the provisions of this section.

SEC. 5d. For the purpose of maintaining and promoting the economic stability of the country or encouraging the employment of labor the Corporation is authorized and empowered, under such terms, conditions, and restrictions as the Corporation may determine, to make loans to, or contracts with, States, municipalities, and political subdivisions of States, with public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States, and with public corporations, boards, and commissions, to aid in financing projects authorized under Federal, State, or municipal law, such loans or contracts to be made through the purchase of their securities, or otherwise, and for such purpose the Corporation is authorized to bid for such securities. The Corporation is further authorized and empowered to purchase the securities and

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obligations of, and to make loans to, any business enterprise when capital or credit, at prevailing rates for the character of loan applied for, is not otherwise available: *Provided*, That all such purchases of securities and obligations and all such loans shall be, in the opinion of the board of directors, of such sound value, or so secured, as reasonably to assure retirement or repayment; may be made or effected either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise; shall be made only when, in the opinion of the board of directors, the business enterprise is solvent; and shall be made under such terms, conditions, and restrictions as the corporation may determine: *Provided further*, That in carrying out the provisions of this section, the Corporation may purchase securities and obligations, and may make loans, with such maturities as the Corporation may determine, notwithstanding any other provision of law.

The powers granted to the Corporation by this section shall terminate on June 30, 1947, or on such earlier date as the President shall determine; but no provision of law terminating any of the functions of the Corporation shall be construed (1) to prohibit disbursement of funds on purchases of securities and obligations, on loans, or on commitments or agreements to make such purchases or loans, made under this section prior to the close of business on June 30, 1947, or such earlier date, or (2) to affect the validity or performance of any agreement to participate in any purchase or loan authorized by this section.

Nothing in this section shall be construed to authorize the Corporation (1) to purchase, or to make any commitment or agreement to purchase, any securities or obligations of any railroad engaged in interstate commerce the obligations of which may be purchased or guaranteed by the Corporation under section 5 of this Act only with the approval of the Interstate Commerce Commission, or (2) to make any loan, or any commitment or agreement to make a loan, to any such railroad or to any receiver or trustee thereof.

In order to aid the Government of the United States in its national-defense program, the Corporation is authorized—

(1) To assist in the development of the resources, the stabilization of the economies, and the orderly marketing of the products of the countries of the Western Hemisphere by supplying

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funds, not to exceed \$500,000,000 outstanding at any one time, to the Export-Import Bank of Washington, through loans to, or by subscriptions to preferred stock of, such bank, to enable such bank, to make loans to any governments, their central banks, or any other acceptable banking institutions and, when guaranteed by any such government, a central bank, or any other acceptable banking institution, to a political subdivision, agency, or national of any such government, notwithstanding any other provisions of law insofar as they may restrict or prohibit loans or other extensions of credit to, or other transactions with, the governments of the countries of the Western Hemisphere or their agencies or nationals: *Provided*, That no such loans shall be made in violation of international law as interpreted by the Department of State, or of the Act of April 13, 1934 (48 Stat. 574), or of the Neutrality Act of 1939. Upon the written request of the Federal Loan Administrator, with the approval of the President, the bank is authorized, subject to such conditions and limitation as may be set forth in such request or approval, to exercise the powers and perform the functions herein set forth. Such loans may be made and administered in such manner and upon such terms and conditions as the bank may determine.

(2) To make loans to and purchase the obligations of any business enterprise, including, when requested by the Secretary of Commerce, subscription to the capital stock thereof, for any purpose deemed by the Corporation to be advantageous to the national defense. Such loans, purchases, or subscriptions shall be made under such terms and conditions and with such maturities as the Corporation may determine. The War Department and the Navy Department are hereby authorized to participate in or to guarantee any loans made by the Reconstruction Finance Corporation pursuant to this provision, and, in connection therewith, they may use any funds heretofore or hereafter made available for purposes of procuring war materials, supplies, and equipment.

(3) When requested by the Federal Loan Administrator, with the approval of the President, to create or organize, at any time prior to July 1, 1943, a corporation or corporations, with power (a) to produce, acquire, carry, sell, or otherwise deal in strategic and critical materials as defined by the President; (b) to purchase and lease land, purchase, lease, build, and expand plants, and



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purchase and produce equipment, facilities, machinery, materials, and supplies for the manufacture of strategic and critical materials, arms, ammunition, and implements of war, any other articles, equipment, facilities, and supplies necessary to the national defense, and such other articles, equipment, supplies, and materials as may be required in the manufacture or use of any of the foregoing or otherwise necessary in connection therewith; (e) to lease, sell, or otherwise dispose of such land, plants, facilities, and machinery to others to engage in such manufacture; (d) to engage in such manufacture itself, if the President finds that it is necessary for a Government agency to engage in such manufacture; (c) to produce, lease, purchase, or otherwise acquire railroad equipment (including rolling stock), and commercial aircraft, and parts, equipment, facilities, and supplies necessary in connection with such railroad equipment and aircraft, and to lease, sell, or otherwise dispose of the same; (f) to purchase, lease, build, expand, or otherwise acquire facilities for the training of aviators and to operate or lease, sell, or otherwise dispose of such facilities to others to engage in such training; and (g) to take such other action as the President and the Federal Loan Administrator may deem necessary to expedite the national-defense program, but the aggregate amount of the funds of the Reconstruction Finance Corporation which may be outstanding at any one time for carrying out this clause (g) shall not exceed \$200,000,000: *Provided*, That nothing in this subsection shall be construed to authorize the Corporation to take any action, directly or indirectly, with respect to the proposals heretofore considered by the Congress and known as the Great Lakes-St. Lawrence seaway, Passamaquoddy, Florida ship canal, and Tombigbee River projects, or to the project known as the Nicaragua Canal. The powers of every corporation hereafter created or organized under this subsection shall be set out in a charter which shall be valid only when certified copies thereof are filed with the Secretary of the Senate and the Clerk of the House of Representatives and published in the Federal Register, and all amendments to such charters shall be valid only when similarly filed and published. The charters of corporations heretofore so created or organized shall be so filed and published before July 1, 1941, and amendments thereto shall be valid only when certified copies thereof are hereafter so filed and published. No corporation heretofore or hereafter



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created or organized by the Corporation pursuant to this subsection shall have succession beyond June 30, 1947, except for purposes of liquidation, unless the life of such corporation is extended beyond such date pursuant to an Act of Congress. The Corporation may make loans to, or purchase the capital stock of, any such corporation for any purpose within the powers of the corporation as above set forth related to the national-defense program, on such terms and conditions as the Corporation may determine.

(4) When requested by the Federal Loan Administrator, with the approval of the President, and subject to such conditions and limitations as may be set forth in such request, to make loans, notwithstanding the provisions of any other law, to any foreign governments, to their central banks, or to any person, commission, association, corporation, or bank acting for or on behalf of such government, for the purpose of achieving the maximum dollar exchange value in the United States for the securities or property of any such government, central bank, person, commission, association, corporation, or bank. Such loans may be made only upon the security of bonds, debentures, stocks, or other such obligations of (a) the Government of the United States or any State, municipality, or political subdivision of any State, or (b) any private corporation organized under the laws of the United States or any State.

(5) To acquire real estate and any right or interest therein by purchase, lease, condemnation, or otherwise, determined by the Corporation to be necessary or advantageous to the carrying out of any authority vested in any corporation created or organized pursuant to this section. The Corporation is also authorized to sell, lease, or otherwise dispose of any such real estate. Proceedings for such condemnation shall be instituted in the name of the United States pursuant to the provisions of the Act approved August 1, 1888 (25 Stat. 357), as amended, and any real estate already devoted to public use which would be subject to condemnation in proceedings instituted upon application of any officer of the Government shall likewise be subject to condemnation in proceedings instituted upon application of the Corporation as herein provided. Sections 1, 2, and 4 of the Act approved February 26, 1931 (46 Stat. 1421), as amended, shall be applicable in any such proceeding. Any judgment rendered against the United States in any such proceeding shall promptly be paid

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by the Corporation. Immediately upon the vesting of title in the United States of America in any such proceeding, the Secretary of Commerce, by deed executed by him in the name of the United States of America, shall transfer the entire title or interest so acquired to the Corporation, and the Corporation shall thereupon have the same rights with respect to any real estate so acquired as it has with respect to real estate acquired by purchase. The power to institute proceedings for condemnation in pursuance of this section shall terminate on June 30, 1944, or upon such earlier date as the Congress by concurrent resolution, or the President by proclamation, may designate, but no such proceedings instituted prior to such termination shall abate by reason thereof.

Any corporation created or organized by the Corporation under the preceding paragraph is also authorized, with the approval of the President, to make payments against the purchase price to be paid for strategic and critical materials in advance of the delivery of such materials. Whenever practicable, the Corporation may require the payments so made to be used for purchases of raw or manufactured agricultural commodities to be exported from the United States.

The amount of notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized to issue and have outstanding at any one time under existing law is hereby increased by \$1,500,000,000.

SEC. 5e. (a) The Corporation is authorized and empowered to make loans upon or purchase the assets, or any portion thereof, of any bank, savings bank, or trust company, which has been closed on or after December 31, 1929, and prior to January 1, 1934, and the affairs of which have not been fully liquidated or wound up, upon such terms and conditions as the Corporation may by regulations prescribe. If in connection with the reorganization, stabilization, or liquidation of any such bank, assets have been trustee'd or are otherwise held for the benefit of depositors or depositors and others, the authority, subject to regulations, as provided in the preceding sentence shall be extended for the purpose of authorizing the Corporation to purchase or make loans on such assets, or any portion thereof, held for the benefit of such depositors or depositors and others. This authority shall also extend to any such institution that has reopened without payment of deposits in full. In making any purchase of or

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loan on the assets of any closed bank, the Corporation shall appraise such assets in anticipation of an orderly liquidation over a period of years, rather than on the basis of forced selling values in a period of business depression. This authority shall also extend to assets of the character made eligible by this section as security for loans without regard to whether the Corporation has heretofore made loans thereon.

(b) The Corporation shall purchase at par value such debentures or other obligations of the Federal Deposit Insurance Corporation as are authorized to be issued under subsection (o) of section 12B of the Federal Reserve Act, as amended, upon request of the board of directors of the Federal Deposit Insurance Corporation, whenever in the judgment of said board additional funds are required for insurance purposes: *Provided*, That the Corporation shall not purchase or hold at any time said debentures or other obligations in excess of \$250,000,000 par value: *Provided further*, That the proceeds derived from the purchase by the Corporation of any such debentures or other such obligations shall be used by the Federal Deposit Insurance Corporation solely in carrying out its functions with respect to such insurance.

(c) The amount of notes, bonds, debentures, and other such obligations which the Corporation is authorized and empowered to issue and to have outstanding at any one time under existing law is hereby increased by \$250,000,000.

SEC. 5f. (a) Any department, agency, or independent establishment of the Government or any corporation all of the capital stock of which is owned or controlled, directly or indirectly, by the Government is hereby authorized, notwithstanding any other provision of law, to sell, transfer, or lease, with or without consideration, to the Corporation or to any corporation created or organized pursuant to section 5d of this Act, any real estate and any right or interest therein.

SEC. 5g. (a) The Reconstruction Finance Corporation is hereby directed to continue to supply funds to the War Damage Corporation, a corporation created pursuant to section 5d of this Act; and the amount of notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized to issue and to have outstanding at any one time under existing law is hereby increased by an amount sufficient to carry out the provisions of this subsection. Such funds shall be supplied only upon the request

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of the Secretary of Commerce, with the approval of the President, and the aggregate amount of the funds so supplied shall not exceed \$1,000,000,000. The Reconstruction Finance Corporation is authorized to and shall empower the War Damage Corporation to use its funds to provide, through insurance, reinsurance, or otherwise, reasonable protection against loss of or damage to property, real and personal, which may result from enemy attack (including any action taken by the military, naval, or air forces of the United States in resisting enemy attack), with such general exceptions as the War Damage Corporation, with the approval of the Secretary of Commerce, may deem advisable. Such protection shall be made available through the War Damage Corporation on and after a date to be determined and published by the Secretary of Commerce which shall not be later than July 1, 1942, upon the payment of such premium or other charge, and subject to such terms and conditions, as the War Damage Corporation, with the approval of the Secretary of Commerce, may establish, but, in view of the national interest involved, the War Damage Corporation shall from time to time establish uniform rates for each type of property with respect to which such protection is made available, and, in order to establish a basis for such rates, such Corporation shall estimate the average risk of loss on all property of such type in the United States. Such protection shall be applicable only (1) to such property situated in the United States (including the several States and the District of Columbia), the Philippine Islands, the Canal Zone, the Territories and possessions of the United States, and in such other places as may be determined by the President to be under the dominion and control of the United States, (2) to such property in transit between any points located in any of the foregoing, and (3) to all bridges between the United States and Canada and between the United States and Mexico: *Provided*, That such protection shall not be applicable after the date determined by the Secretary of Commerce under this subsection to property in transit upon which the United States Maritime Commission is authorized to provide marine war-risk insurance. The War Damage Corporation, with the approval of the Secretary of Commerce, may suspend, restrict, or otherwise limit such protection in any area to the extent that it may determine to be necessary or advisable in consideration



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of the loss of control over such area by the United States making it impossible or impracticable to provide such protection in such area.

(b) Subject to the authorizations and limitations prescribed in subsection (a), any loss or damage to any such property sustained subsequent to December 6, 1941, and prior to the date determined by the Secretary of Commerce under subsection (a), may be compensated by the War Damage Corporation without requiring a contract of insurance or the payment of premium or other charge, and such loss or damage may be adjusted as if a policy covering such property was in fact in force at the time of such loss or damage.

SEC. 5h. (a) In order to prevent and relieve distress among dealers in articles or commodities which are rationed in connection with the war effort, the Reconstruction Finance Corporation, acting directly or through any of its subsidiary corporations, is authorized to purchase or make loans upon the security of any article or commodity the sale or distribution of which is rationed under authority of the United States, subject to the following terms and conditions:

(1) Such purchases and loans shall be made only in the case of articles or commodities which have been rationed in a manner and under circumstances which have resulted or are likely to result in a substantial number of dealers being unable, in the ordinary course of trade or business, to sell within a period of six months from the beginning of such rationing the stocks of such articles or commodities which they have in stock.

(2) Such purchases and loans shall be made only in the case of, or for the purpose of aiding or assisting, dealers a substantial part of whose business consists of dealing in and servicing rationed articles or commodities of one or more kinds.

(3) Such purchases and loans shall be made on a basis which will enable any such dealer to secure for any such article or commodity which he has on hand an amount not less than its cost to him (to the extent that such cost is a reasonable cost incurred in the ordinary course of trade or business), plus a reasonable allowance for transportation costs, storage, handling, servicing, insurance, carrying charges, and other expenses incurred by the dealer in connection with such article or commodity.

(4) Such purchases and loans shall be made on a basis which will enable any such dealer to secure for any such article or commodity that has been in

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the stock of one or more dealers for an aggregate of eighteen months or longer after the beginning of the rationing an amount not less than the fair retail price as fixed by the Price Administrator for such article or commodity wherever located.

(5) Such purchases may be made from and such loans made to such dealers or credit agencies furnishing credit for such dealers, and may be made upon the request of any dealer having title to the rationed article or commodity or having the right to acquire title thereto upon the discharge of his credit obligations with respect thereto.

(b) The Reconstruction Finance Corporation may prescribe such additional terms and conditions with respect to such purchases and loans as it deems to be necessary and consistent with the purposes of this section: *Provided*, That the Reconstruction Finance Corporation shall not be required to purchase or make a loan upon the security of any article or commodity which is not in a salable condition, or which has suffered substantial damage or deterioration as the result of negligence or lack of proper care: *And provided further*, That if, upon the sale of any article or commodity acquired pursuant to the terms of any loan contract entered into hereunder, the Reconstruction Finance Corporation or any subsidiary corporation thereof shall not recover, by reason of any limitation upon sales price imposed pursuant to the Emergency Price Control Act of 1942, the full amount of any such loan, no recourse on account of such deficiency shall be had against the borrower. The Reconstruction Finance Corporation is authorized to sell at public or private sale, with or without competitive bidding, any article or commodity acquired by it pursuant to this section: *Provided*, That, until the expiration of nineteen months after the beginning of the rationing of such article or commodity, no such sale shall be made except to a dealer in such article or commodity. In the event any such sale is made to another department or agency of the Government, such other department or agency is hereby authorized, notwithstanding any other provision of law, to pay for such article or commodity any price not in excess of a fair retail market price as of the date of such sale.

(c) The Reconstruction Finance Corporation is authorized to make such agreements or arrangements as may be necessary and appropriate for carrying out the purposes of this section, including agreements to pay to those from

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whom it acquires articles or commodities a portion of the proceeds realized by such Corporation from the sale of such articles or commodities. For the purposes of this section, an article or commodity shall be deemed to be rationed whenever its sale to the general public in the ordinary course of trade or business has been restricted or prohibited by any regulation or order made for the purpose of aiding in the more effective prosecution of the war effort or for the purpose of conserving the supply of such article or commodity.

(d) No authority, limitation, restriction, or other provision contained in this section shall be construed to limit, restrict, modify, or otherwise in any way affect any authority or powers now or hereafter vested in the Reconstruction Finance Corporation or in any corporation created or organized by or at the instance of the Reconstruction Finance Corporation.

SEC. 6. Section 5202 of the Revised Statutes of the United States, as amended, is hereby amended by striking out the words "War Finance Corporation Act" and inserting in lieu thereof the words "Reconstruction Finance Corporation Act."

SEC. 7. All moneys of the corporation not otherwise employed may be deposited with the Treasurer of the United States subject to check by authority of the corporation or in any Federal reserve bank, or may, by authorization of the board of directors of the corporation, be used in the purchase for redemption and retirement of any notes, debentures, bonds, or other obligations issued by the corporation, and the corporation may reimburse such Federal reserve bank for their services in the manner as may be agreed upon. The Federal reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Reconstruction Finance Corporation in the general performance of its powers conferred by this Act.

SEC. 8. In order to enable the corporation to carry out the provisions of this Act and the Emergency Relief and Construction Act of 1932, the Treasury Department, the Federal Farm Loan Board, the Comptroller of the Currency, the Federal Reserve Board, the Federal reserve banks, and the Interstate Commerce Commission are hereby authorized, under such conditions as they may prescribe, to make available to the corporation, in confidence, such reports, records, or other information as they may have available relating to the condition of applicants with respect to whom the corporation has had or con-

SEC. 5. Section 5202 of the Revised Statutes of the United States, as amended, is hereby amended by striking out the words "War Finance Corporation Act" and inserting in lieu thereof the words "Reconstruction Finance Corporation Act."

SEC. 6. The Federal Reserve banks are authorized and directed to act as custodians and fiscal agents for the Corporation in the general performance of its powers conferred by this Act and the Corporation may reimburse such Federal Reserve banks for such services, in such manner as may be agreed upon.



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templates having transactions under either of such Acts, or relating to individuals, associations, partnerships, corporations, or other obligors whose obligations are offered to or held by the corporation as security for loans under either of such Acts, and to make, through their examiners or other employees for the confidential use of the corporation, examinations of applicants for loans. Every applicant for a loan under either of such Acts shall, as a condition precedent thereto, consent to such examination as the corporation may require for the purposes of either of such Acts and that reports of examinations by constituted authorities may be furnished by such authorities to the corporation upon request therefor.

SEC. 9. The corporation is authorized and empowered, with the approval of the Secretary of the Treasury, to issue, and to have outstanding at any one time in an amount aggregating not more than three times its subscribed capital, its notes, debentures, bonds, or other such obligations; such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations, and to bear such rate or rates of interest as may be determined by the corporation: *Provided*, That the corporation, with the approval of the Secretary of the Treasury, may sell on a discount basis short-term obligations payable at maturity without interest. The notes, debentures, bonds, and other obligations of the corporation may be secured by assets of the corporation in such manner as shall be prescribed by its board of directors: *Provided*, That the aggregate of all obligations issued under this section shall not exceed three times the amount of the subscribed capital stock. Such obligations may mature subsequent to the period of succession of the Corporation as provided by section 4 hereof. Such obligations may be issued in payment of any loan authorized by this Act or may be offered for sale at such price or prices as the corporation may determine with the approval of the Secretary of the Treasury. The said obligations shall be fully and unconditionally guaranteed both as to interest and principal by the United States and such guaranty shall be expressed on the face thereof. In the event that the corporation shall be unable to pay upon demand, when due, the principal of or interest on notes, debentures, bonds, or other such obligations issued by it, the Secretary of the

SEC. 7. The Corporation may issue to the Secretary of the Treasury its notes, debentures, bonds, or other such obligations in an amount outstanding at any one time sufficient to enable the Corporation to carry out its functions under this Act or any other provision of law, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the Corporation. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate



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Treasury shall pay the amount thereof, which is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such notes, debentures, bonds, or other obligations. The Secretary of the Treasury, in his discretion, is authorized to purchase any obligations of the corporation to be issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the corporation's obligations hereunder. The Secretary of the Treasury may, at any time, sell any of the obligations of the corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the obligations of the corporation shall be treated as public-debt transactions of the United States. Such obligations shall not be eligible for discount or purchase by any Federal reserve bank. The Secretary of the Treasury, at the request of the Reconstruction Finance Corporation, is authorized to market for the corporation its notes, debentures, bonds, and other such obligations, using therefor all the facilities of the Treasury Department now authorized by law for the marketing of obligations of the United States. The proceeds of the obligations of the corporation so marketed shall be deposited in the same manner as proceeds derived from the sale of obligations of the United States, and the amount thereof shall be credited to the corporation on the books of the Treasury.

SEC. 10. Any and all notes, debentures, bonds, or other such obligations issued by the corporation shall be exempt both as to principal and interest from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except as provided in section 4 (a) of the Public Debt Act of 1941. The corporation, including its franchise, its capital, reserves, and surplus, and its income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or

on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Corporation. The Secretary of the Treasury is authorized to purchase any obligations of the Corporation to be issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the Corporation's obligations hereunder.

SEC. 8. The Corporation, including its franchise, capital, reserves and surplus, and its income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to special assessments for local improvements and shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed: *Provided*, That the special assessment and taxation of real property as authorized

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possession thereof, or by any State, county, municipality, or local taxing authority; except that any real property of the corporation shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed. The exemptions provided for in the preceding sentence with respect to taxation (which shall, for all purposes, be deemed to include sales, use, storage,

and purchase taxes) shall be construed to be applicable not only with respect to the Reconstruction Finance Corporation but also with respect to (1) the Defense Plant Corporation, the Defense Supplies Corporation, the Metals Reserve Company, the Rubber Reserve Company, and any other corporation heretofore or hereafter organized or created by the Reconstruction Finance Corporation under section 5d of this Act, as amended, to aid the Government of the United States in its national-defense program, (2) The RFC Mortgage Company, the Federal National Mortgage Association, and any other public corporation heretofore or hereafter organized by or at the instance of the Reconstruction Finance Corporation, and (3) the Disaster Loan Corporation, and any other public corporation which is now or which may be hereafter wholly financed and wholly managed by the Reconstruction Finance Corporation. Such exemptions shall also be construed to be applicable to the loans made, and personal property owned, by the Reconstruction Finance Corporation or by any corporation referred to in clause (1), (2) or (3) of the preceding sentence, but such exemptions shall not be construed to be applicable in any State to any buildings which are considered by the laws of such State to be personal property for taxation purposes.

SEC. 11. In order that the corporation may be supplied with such forms of notes, debentures, bonds, or other such obligations as it may need for issuance under this Act, the Secretary of the Treasury is authorized to prepare such forms as shall be suitable and approved by the corporation, to be held in the Treasury subject to delivery, upon order of the corporation. The engraved plates, dies, bed pieces, and so forth, executed in connection therewith shall

herein shall not include the taxation as real property of possessory interests, pipe lines, power lines, or machinery or equipment owned by the Corporation regardless of their nature, use, or manner of attachment or affixation to the land, building, or other structure upon or in which the same may be located. The exemptions provided for in the preceding sentence with respect to taxation (which shall, for all purposes, be deemed to include sales, use, storage, and purchase taxes) shall be construed to be applicable not only with respect to the Corporation but also with respect to any other public corporation which is now or which may be hereafter wholly financed and wholly managed by the Corporation. Such exemptions shall also be construed to be applicable to loans made, and personal property owned by the Corporation or such other corporations, but such exemptions shall not be construed to be applicable in any State to any buildings which are considered by the laws of such State to be personal property for taxation purposes. Notwithstanding any other provision of law or any privilege or consent to tax expressly or impliedly granted thereby, the shares of preferred stock of national banking associations, and the shares of preferred stock, capital notes, and debentures of State banks and trust companies, acquired prior to July 1, 1947, by the Corporation, and the dividends or interest derived therefrom by the Corporation, shall not, so long as the Corporation shall continue to own the same, be subject to any taxation by the United States, by any Territory, dependency or possession thereof, or the District of Columbia, or by any State, county, municipality, or local taxing authority, whether now, heretofore, or hereafter imposed, levied, or assessed, and whether for a past, present, or future taxing period.

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remain in the custody of the Secretary of the Treasury. The corporation shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody and delivery of such notes, debentures, bonds, or other obligations.

SEC. 12. When designated for that purpose by the Secretary of the Treasury, the corporation shall be a depositary of public money, except receipts from customs, under such regulations as may be prescribed by said Secretary; and it may also be employed as a financial agent of the Government; and it shall perform all such reasonable duties, as depositary of public money and financial agent of the Government, as may be required of it. Obligations of the corporation shall be lawful investments, and may be accepted as security, for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or officers thereof.

SEC. 13. Upon the expiration of the period of one year within which the corporation may make loans, or of any extension thereof by the President under the authority of this Act, the board of directors of the corporation shall, except as otherwise herein specifically authorized, proceed to liquidate its assets and wind up its affairs. It may with the approval of the Secretary of the Treasury deposit with the Treasurer of the United States as a special fund any money belonging to the corporation or from time to time received by it in the course of liquidation or otherwise, for the payment of principal and interest of its outstanding obligations or for the purpose of redemption of such obligations in accordance with the terms thereof, which fund may be drawn upon or paid out for no other purpose. The corporation may also at any time pay to the Treasurer of the United States as miscellaneous receipts any money belonging to the corporation or from time to time received by it in the course of liquidation or otherwise in excess of reasonable amounts reserved to meet its requirements during liquidations. Upon such deposit being made, such amount of the capital stock of the corporation as may be specified by the corporation with the approval of the Secretary of the Treasury but not exceeding in par value the amount so paid in shall be canceled and retired. Any balance remaining after the liquidation of all the corporation's assets and after provision has been made for payment of all legal obligations of any kind and character shall be paid into the Treas-

SEC. 9. In the event of termination of the powers granted to the Corporation by section 4 of this Act prior to the expiration of its succession as provided in section 3, the board of directors shall, except as otherwise herein specifically authorized, proceed to liquidate its assets and wind up its affairs. It may with the approval of the Secretary of the Treasury deposit with the Treasurer of the United States as a special fund any money belonging to the Corporation or from time to time received by it in the course of liquidation, for the payment of its outstanding obligations, which fund may be drawn upon or paid out for no other purpose. Any balance remaining after the liquidation of all the Corporation's assets and after provision has been made for payment of all legal obligations shall be paid into the Treasury of the United States as miscellaneous receipts. Thereupon the Corporation shall be dissolved and its capital stock shall be canceled and retired.



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ury of the United States as miscellaneous receipts. Thereupon the corporation shall be dissolved and the residue, if any, of its capital stock shall be canceled and retired.

SEC. 14. If prior to July 1, 1947, its board of directors shall not have completed the liquidation of its assets and the winding up of its affairs, the duty of completing such liquidation and winding up of its affairs shall be transferred to the Secretary of the Treasury, who for such purpose shall succeed to all the powers and duties of the board of directors of the corporation under this Act. In such event he may assign to any officer or officers of the United States in the Treasury Department the exercise and performance, under his general supervision and direction, of any such powers and duties; and nothing herein shall be construed to affect any right or privilege accrued, any penalty or liability incurred, any criminal or civil proceeding commenced, or any authority conferred hereunder, except as herein provided in connection with the liquidation of the remaining assets and the winding up of the affairs of the corporation, until the Secretary of the Treasury shall find that such liquidation will no longer be advantageous to the United States and that all of its legal obligations have been provided for, whereupon he shall retire any capital stock then outstanding, pay into the Treasury as miscellaneous receipts the unused balance of the moneys belonging to the corporation, and make the final report of the corporation to the Congress. Thereupon the corporation shall be deemed to be dissolved.

SEC. 15. The corporation shall make and publish a report quarterly of its operations to the Congress stating the aggregate loans made to each of the classes of borrowers provided for and the number of borrowers by States in each class. The statement shall show the assets and liabilities of the corporation, and the first report shall be made on April 1, 1932, and quarterly thereafter. It shall also show the names and compensation of all persons employed by the corporation whose compensation exceeds \$400 a month.

SEC. 16. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the

SEC. 10. If at the expiration of the succession of the Corporation, its board of directors shall not have completed the liquidation of its assets and the winding up of its affairs, the duty of completing such liquidation and winding up of its affairs shall be transferred to the Secretary of the Treasury, who for such purpose shall succeed to all the powers and duties of the board of directors under this Act. In such event he may assign to any officer or officers of the United States in the Treasury Department the exercise and performance, under his general supervision and direction, of any such powers and duties. When the Secretary of the Treasury shall find that such liquidation will no longer be advantageous to the United States and that all of the Corporation's legal obligations have been provided for, he shall retire any capital stock then outstanding, pay into the Treasury as miscellaneous receipts the unused balance of the moneys belonging to the Corporation, and make a final report to the Congress. Thereupon the Corporation shall be deemed to be dissolved.

SEC. 11. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by removal, deferment of action or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the



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corporation, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation, or coupon, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, issued by the corporation, or (2) passes, utters or publishes, or attempts to pass, utter or publish, any false, forged or counterfeited note, debenture, bond, or other obligation, or coupon, purporting to have been issued by the corporation, knowing the same to be false, forged or counterfeited, or (3) falsely alters any note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the corporation, or (4) passes, utters or publishes, or attempts to pass, utter or publish, as true any falsely altered or spurious note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the corporation, knowing the same to be falsely altered or spurious, or any person who willfully violates any other provision of this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(c) Whoever, being connected in any capacity with the corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (2) with intent to defraud the corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the corporation, makes any false entry in any book, report, or statement of or to the corporation, or, without being duly authorized, draws any order or issues, puts forth or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property or benefit through any transaction, loan, commission, contract, or any other act of the corporation, or (4) gives any unauthorized information concerning any future action or plan of the corporation which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company, bank, or

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Corporation, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation, or coupon, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, issued by the Corporation; or (2) passes, utters, or publishes, or attempts to pass, utter or publish, any false, forged or counterfeited note, debenture, bond, or other obligation, or coupon, purporting to have been issued by the Corporation, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Corporation; or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true any falsely altered or spurious note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Corporation, knowing the same to be falsely altered or spurious, or any person who willfully violates any other provision of this Act, shall be punished by a fine of not more than \$10,000, by imprisonment for not more than five years, or both.

(c) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it; or (2) with intent to defraud the Corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of or to the Corporation, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof; or (3) with intent to defraud participates, shares, receives, directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Corporation; or (4) gives any unauthorized information concerning any future action or plan of the Corporation which might affect the value of securities, or having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company, bank, or

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corporation receiving loans or other assistance from the corporation, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(d) No individual, association, partnership, or corporation shall use the words "Reconstruction Finance Corporation" or a combination of these three words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding \$1,000 or imprisonment not exceeding one year, or both.

(e) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, ch. 5, secs. 202 to 207, inclusive) insofar as applicable, are extended to apply to contracts or agreements with the corporation under this Act, which for the purposes hereof shall be held to include loans, advances, discounts, and rediscounts; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

SEC. 17. The right to alter, amend, or repeal this Act is hereby expressly reserved. If any clause, sentence, paragraph, or part of this Act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

corporation receiving loans or other assistance from the Corporation, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(d) No individual, association, partnership, or corporation shall use the words "Reconstruction Finance Corporation" or a combination of these three words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding \$1,000 or imprisonment not exceeding one year, or both.

(e) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, ch. 5, secs. 202 to 207, inclusive), insofar as applicable, are extended to apply to contracts or agreements with the Corporation under this Act, which for the purposes hereof shall be held to include loans, advances, discounts, and rediscounts; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

SEC. 12. The Corporation is authorized to exercise the functions, powers, duties, and authority transferred to the Corporation by Public Law 109, Seventy-ninth Congress, approved June 30, 1945, but only with respect to programs, projects, or commitments outstanding on June 30, 1947.

SEC. 13. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of this Act, and the applicability of such provision to other persons or circumstances, shall not be affected thereby.

#### ACTS AND PORTIONS OF ACTS REPEALED UNDER SECTION 206

(a) Sections 1, 201, 202, 203, 204, 205, 206, 207, 208, 209, and 211 of the Emergency Relief and Construction Act of 1932, approved July 21, 1932 (47 Stat. 709), as amended.

Section 1 authorized the Reconstruction Finance Corporation to make available until July 21, 1934, \$300,000,000 to the several States and Territories for relief and work relief.

Section 201 authorizes various types of loans, primarily to aid in financing self-liquidating projects of a public nature, and provides for the creation of regional agricultural credit corporations.



It also requires monthly reports of the Corporation's activities and expenditures.

Sections 202, 203, 204, 208, 209, and 211 amended the Reconstruction Finance Corporation Act.

Section 205 increased the borrowing authority of the Reconstruction Finance Corporation.

Section 206 extended the authority to make loans under the Reconstruction Finance Corporation Act to the District of Columbia, Alaska, Hawaii, and Puerto Rico.

Section 207 forbids the approval of any loan to any financial institution, any officer or director of which is a member of the board of directors of the Reconstruction Finance Corporation, or has been such a member within the 12 months preceding the approval of the loan.

(b) Section 304 of the act approved March 9, 1933 (48 Stat. 1), as amended.

This section authorizes the Reconstruction Finance Corporation to purchase or make loans upon preferred stock in banks.

(c) Sections 27, 32, 36, 37, and 38 of the Emergency Farm Mortgage Act of 1933, approved May 12, 1933 (48 Stat. 41), as amended.

Section 27 authorizes loans to receivers, appointed by the Federal Farm Loan Board.

Section 32 made \$200,000,000 available to the Land Bank Commissioner for loans to farmers.

Section 36 authorizes loans to drainage and irrigation districts.

Section 37 authorizes advances to the reclamation fund not exceeding \$5,000,000 for the completion of projects approved and authorized on May 12, 1933.

Section 38 increased the borrowing power of the Reconstruction Finance Corporation.

(d) Sections 5 and 19 (c) and the last two sentences of section 8 (b) of the Agricultural Adjustment Act, approved May 12, 1933 (48 Stat. 33), as amended.

These provisions provide for loans to the Secretary of Agriculture for purposes of the cotton-purchase program, loans to processors subject to taxes under the Agricultural Adjustment Act, and loans to parties to marketing agreements with the Secretary of Agriculture.

(e) The act approved June 10, 1933 (48 Stat. 119), as amended.

This act authorizes the Reconstruction Finance Corporation to purchase or make loans upon the preferred stock of insurance companies. It also contains a number of sections amending the Reconstruction Finance Corporation Act and the Emergency Relief and Construction Act of 1932, and a provision requiring the Reconstruction Finance Corporation to pass on the reasonableness of the compensation paid to its officers, directors, and employees.

(f) The last sentence of section 4 (b) of the Home Owners' Loan Act of 1933, approved June 13, 1933 (48 Stat. 129), as amended.

This provision directed the Reconstruction Finance Corporation to make available to the Secretary of the Treasury up to \$200,000,000 for the purchase of capital stock of the Home Owners' Loan Corporation.

(g) Sections 301 and 302 of the National Industrial Recovery Act, approved June 16, 1933 (48 Stat. 195), as amended.

Section 301 authorizes the Reconstruction Finance Corporation to make certain supplemental loans in connection with public projects for which the Reconstruction Finance Corporation had made a loan or a commitment prior to June 26, 1933, pursuant to section 201 (a) of the Emergency Relief and Construction Act of 1932.

Section 302 reduced the borrowing authority of the Reconstruction Finance Corporation.

(h) Section 84 of the Farm Credit Act of 1933, approved June 16, 1933 (48 Stat. 257), as amended.

This section authorizes the Reconstruction Finance Corporation to reduce the capital of regional agricultural credit corporations.

(i) The act approved January 20, 1934 (48 Stat. 318).

This act extended the then existing functions of the Reconstruction Finance Corporation and increased its borrowing authority.

(j) The fourth paragraph of the Emergency Appropriation Act, fiscal year 1935, approved June 19, 1934 (48 Stat. 1056), and section 202 of the Public Works Administration Extension Act of 1937, approved June 29, 1937 (50 Stat. 357).

These provisions authorized the Reconstruction Finance Corporation to have invested up to \$400,000,000 in marketable securities acquired by the Public Works Administrator.

(k) Sections 10, 13, 14, 15, and 16 of the act approved June 19, 1934 (48 Stat. 1105), as amended.

These provisions authorize the Reconstruction Finance Corporation to adjust the maturities of obligations of borrowers under section 201 (a) of the Emergency Relief and Construction Act of 1932, and to make loans to incorporated managing agencies of farmers' cooperative mineral rights pools, mining loans, loans to the fishing industry, and loans to public school authorities for the payment of teachers' salaries.

(l) So much of sections 4 and 602 of the National Housing Act, approved June 27, 1934 (48 Stat. 1247), as amended, as relates to the Reconstruction Finance Corporation.

These provisions directed the Reconstruction Finance Corporation to make funds available to the Federal Housing Administrator for carrying out the provisions of titles I, II, III, and VI of the National Housing Act.

(m) The first section and sections 2, 3, 9, 11, and 13 of the act approved January 31, 1935 (49 Stat. 1), as amended.

Section 1 extended the then existing powers of the Reconstruction Finance Corporation and fixed the maximum salary which any officer or employee of the Corporation may be paid.

Section 2 provides a 1-year limitation on the disbursements following a commitment to make a loan.

Section 3 authorizes the Reconstruction Finance Corporation, within its discretion, to determine the date of maturity of any loan made by it, except that certain types of loans may not be permitted to run beyond January 31, 1955.

Section 9 authorizes the Reconstruction Finance Corporation to continue to supply the Export-Import Bank with capital.



Section 11 authorizes the Reconstruction Finance Corporation to accept new bonds in exchange for old bonds of any borrower under section 201 (a) of the Emergency Relief and Construction Act of 1932.

Section 13 authorizes the use as general funds of all receipts arising from the sale or retirement of any of the securities acquired by the Reconstruction Finance Corporation.

(n) The act approved August 24, 1935 (49 Stat. ch. 646, p. 796).

This act authorizes the Reconstruction Finance Corporation to make loans to public-school districts to refinance certain types of obligations incurred prior to August 24, 1935.

(o) The act approved March 20, 1936 (49 Stat. 1185).

This act exempts from taxation bank securities held by the Reconstruction Finance Corporation and limits, under certain conditions, the interest rate on loans made to closed banks.

(p) The act approved April 10, 1936 (49 Stat., ch. 168, p. 1191).

This act directed the Reconstruction Finance Corporation to acquire the capital stock of the Commodity Credit Corporation.

(q) The first section of the act approved January 26, 1937 (50 Stat. 5), as amended.

This provision extended the functions of the Reconstruction Finance Corporation, with a proviso enabling the President to authorize the directors of the Corporation to suspend the exercise of any of its lending functions under specified circumstances.

(r) The act approved February 11, 1937 (50 Stat. 19), as amended.

This act created a Disaster Loan Corporation with the power to make catastrophe loans.

(s) So much of section 32 (b) of the Farm Credit Act of 1937, approved August 19, 1937 (50 Stat. 703), as relates to the Reconstruction Finance Corporation and so much of section 33 (b) of the said act as relates to the payment of the expenses of corporations formed by the consolidation of two or more regional agricultural credit corporations.

These provisions authorize regional agricultural credit corporations to borrow from the Reconstruction Finance Corporation and require the Reconstruction Finance Corporation to pay the expenses of corporations formed by the consolidation of two or more such corporations.

(t) So much of the act approved June 25, 1938 (52 Stat. 1193), as relates to the Reconstruction Finance Corporation.

This provision authorizes the Reconstruction Finance Corporation to purchase certain mortgages from the United States Housing Corporation.

(u) Section 12 of the Federal Highway Act of 1940, approved September 5, 1940 (54 Stat. 867).

This section authorizes the Reconstruction Finance Corporation to aid in financing the acquisition of rights-of-way necessary for road projects eligible for Federal aid under the Federal Highway Act.

(v) Section 5 of the act approved June 10, 1941 (55 Stat. 250).

(w) The act approved October 23, 1941 (55 Stat., ch. 454, p. 744).

(x) The act approved March 27, 1942 (56 Stat., ch. 198, p. 174).

(y) The act approved June 5, 1942 (56 Stat., ch. 352, p. 326).

These acts increased the borrowing authority of the Reconstruction Finance Corporation.

(z) Sections 1 and 2 of Public Law 656, Seventy-ninth Congress, approved August 7, 1946.

Section 1 extended the functions and succession of the Reconstruction Finance Corporation through June 30, 1947.

Section 2 authorizes the Reconstruction Finance Corporation to purchase loans made or insured under the provisions of the Servicemen's Readjustment Act of 1944.



# Union Calendar No. 314

80TH CONGRESS  
1ST SESSION

## H. R. 3916

[Report No. 626]

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### IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 1947

Mr. WOLCOTT introduced the following bill; which was referred to the Committee on Banking and Currency

JUNE 21, 1947

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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## A BILL

To amend the Reconstruction Finance Corporation Act, as amended, and to extend the succession and certain lending powers and functions of the Reconstruction Finance Corporation, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 TITLE I—AMENDMENT TO RECONSTRUCTION  
4 FINANCE CORPORATION ACT

5 SECTION 1. The Reconstruction Finance Corporation  
6 Act, as amended, is hereby amended to read as follows:

7 "SEC. 1. There is hereby created a body corporate with  
8 the name 'Reconstruction Finance Corporation (herein called

1 the Corporation), with a capital stock of \$325,000,000 sub-  
2 scribed by the United States of America. Its principal office  
3 shall be located in the District of Columbia, but there may  
4 be established agencies or branch offices in any city or  
5 cities of the United States under rules and regulations pre-  
6 scribed by the board of directors. This Act may be cited  
7 as the 'Reconstruction Finance Corporation Act'.

8 "SEC. 2. The management of the Corporation shall be  
9 vested in a board of directors consisting of five persons  
10 appointed by the President of the United States by and  
11 with the advice and consent of the Senate. Of the five  
12 members of the board, not more than three shall be mem-  
13 bers of any one political party and not more than one  
14 shall be appointed from any one Federal Reserve district.  
15 Each director shall devote his time principally to the busi-  
16 ness of the Corporation. The terms of the directors shall  
17 be two years but they may continue in office until their  
18 successors are appointed and qualified. Whenever a va-  
19 cancy shall occur other than by expiration of term the  
20 person appointed to fill such vacancy shall hold office for  
21 the unexpired portion of the term of the director whose  
22 place he is selected to fill. The directors, except the chair-  
23 man, shall receive salaries at the rate of \$12,500 per annum  
24 each. The chairman of the board of directors shall receive  
25 a salary at the rate of \$15,000 per annum.



1       “SEC. 3. (a) The Corporation shall have succession  
2 through June 30, 1949, unless it is sooner dissolved by an  
3 Act of Congress. It shall have power to adopt, alter, and  
4 use a corporate seal; to make contracts; to lease or purchase  
5 such real estate as may be necessary for the transaction of its  
6 business; to sue and be sued, to complain and to defend, in  
7 any court of competent jurisdiction, State or Federal: *Pro-*  
8 *vided*, That the Corporation shall be entitled to and granted  
9 the same immunities and exemptions from the payment of  
10 costs, charges, and fees as are granted to the United States  
11 pursuant to the provisions of law codified in sections 543,  
12 548, 555, 557, 578, and 578a of title 28 of the United States  
13 Code, 1940 edition; to select, employ, and fix the compen-  
14 sation of such officers, employees, attorneys, and agents as  
15 shall be necessary for the transaction of the business of the  
16 Corporation, in accordance with laws, applicable to the  
17 Corporation, as in effect on June 30, 1947, and as thereafter  
18 amended; and to prescribe, amend, and repeal, by its board  
19 of directors, bylaws, rules, and regulations governing the  
20 manner in which its general business may be conducted.  
21 Except as may be otherwise provided in this Act, the board  
22 of directors of the Corporation shall determine the necessity  
23 for and the character and amount of its obligations and  
24 expenditures under this Act and the manner in which they  
25 shall be budgeted, incurred, allowed, paid, and accounted for,

1 without regard to the provisions of any other laws governing  
2 the expenditure of public funds and such determinations  
3 shall be final and conclusive upon all other officers of the  
4 Government. The Corporation shall be entitled to the free  
5 use of the United States mails in the same manner as the  
6 executive departments of the Government.

7 (b) Notwithstanding any other provision of law, the  
8 right to recover compensation granted by the Act approved  
9 September 7, 1916, as amended (5 U. S. C., sec. 751), shall  
10 be in lieu of, and shall be construed to abrogate, any and  
11 all other rights and remedies which any person, except for  
12 this provision, might, on account of injury or death of an  
13 employee, assert against the Corporation or any of its  
14 subsidiaries.

15 “SEC. 4. (a) To aid in financing agriculture, commerce,  
16 and industry, to help in maintaining the economic stability  
17 of the country and to assist in promoting maximum employ-  
18 ment and production, the Corporation, within the limita-  
19 tions hereinafter provided, is authorized—

20 “(1) To purchase the obligations of and to make  
21 loans to any business enterprise organized or operating  
22 under the laws of any State or the United States: *Pro-*  
23 *vided*, That the purchase of obligations (including equip-  
24 ment trust certificates) of, or the making of loans to  
25 railroads or air carriers engaged in interstate commerce

1 or receivers or trustees thereof, shall be with the approval  
2 of the Interstate Commerce Commission or the Civil  
3 Aeronautics Board, respectively: *Provided further*, That  
4 in the case of railroads or air carriers not in receivership  
5 or trusteeship, the Commission or the Board, as the case  
6 may be, in connection with its approval of such purchases  
7 or loans, shall also certify that such railroad or air carrier,  
8 on the basis of present and prospective earnings, may be  
9 expected to meet its fixed charges without a reduction  
10 thereof through judicial reorganization except that such  
11 certificates shall not be required in the case of loans  
12 or purchases made for the acquisition of equipment or  
13 for maintenance.

14 “(2) To make loans to any financial institution  
15 organized under the laws of any State or of the United  
16 States.

17 “(3) In order to aid in financing projects author-  
18 ized under Federal, State, or municipal law, to purchase  
19 the securities and obligations of, or make loans to, (A)  
20 municipalities and political subdivisions of States, (B)  
21 public agencies and instrumentalities of one or more  
22 States, municipalities, and political subdivisions of States,  
23 and (C) public corporations, boards, and commissions:  
24 *Provided*, That no such purchase or loan shall be  
25 made for payment of ordinary governmental or non-

1 project operating expenses as distinguished from pur-  
2 chases and loans to aid in financing specific public  
3 projects.

4 “(4) To make such loans, in an aggregate amount  
5 not to exceed \$25,000,000 outstanding at any one time,  
6 as it may determine to be necessary or appropriate  
7 because of floods or other catastrophes.

8 “(b) No financial assistance shall be extended pursuant  
9 to paragraphs (1), (2), and (3) of subsection (a) of this  
10 section, unless the financial assistance applied for is not other-  
11 wise available on reasonable terms. All securities and obli-  
12 gations purchased and all loans made under paragraphs (1),  
13 (2), and (3) of subsection (a) of this section shall be of  
14 such sound value or so secured as reasonably to assure retire-  
15 ment or repayment and such loans may be made either  
16 directly or in cooperation with banks or other lending insti-  
17 tutions through agreements to participate or by the purchase  
18 of participations, or otherwise.

19 “(c) The total amount of investments, loans, purchases,  
20 and commitments made pursuant to this section 4 shall not  
21 exceed \$2,000,000,000 outstanding at any one time.

22 “(d) No fee or commission shall be paid by any appli-  
23 cant for financial assistance under the provisions of this Act  
24 in connection with any such application, and any agreement



1 to pay or payment of any such fee or commission shall be  
2 unlawful.

3 “(e) No director, officer, attorney, agent, or employee  
4 of the Corporation in any manner, directly or indirectly,  
5 shall participate in the deliberation upon or the determination  
6 of any question affecting his personal interests, or the inter-  
7 ests of any corporation, partnership, or association in which  
8 he is directly or indirectly interested.

9 “(f) The powers granted to the Corporation by this  
10 section shall terminate at the close of business on June 30,  
11 1949, but the termination of such powers shall not be con-  
12 strued (1) to prohibit disbursement of funds on purchases  
13 of securities and obligations, on loans, or on commitments  
14 or agreements to make such purchases or loans, made under  
15 this Act prior to the close of business on such date, or (2)  
16 to affect the validity or performance of any other agreement  
17 made or entered into pursuant to law.

18 “(g) As used in this Act, the term ‘State’ includes  
19 the District of Columbia, Alaska, Hawaii, and Puerto Rico.

20 “SEC. 5. Section 5202 of the Revised Statutes of the  
21 United States, as amended, is hereby amended by striking  
22 out the words ‘War Finance Corporation Act’ and inserting  
23 in lieu thereof the words ‘Reconstruction Finance Corpora-  
24 tion Act’.

1       “SEC. 6. The Federal Reserve banks are authorized  
2 and directed to act as custodians and fiscal agents for the  
3 Corporation in the general performance of its powers con-  
4 ferred by this Act and the Corporation may reimburse such  
5 Federal Reserve banks for such services in such manner  
6 as may be agreed upon.

7       “SEC. 7. The Corporation may issue to the Secretary  
8 of the Treasury its notes, debentures, bonds, or other such  
9 obligations in an amount outstanding at any one time  
10 sufficient to enable the Corporation to carry out its functions  
11 under this Act or any other provision of law, such obliga-  
12 tions to mature not more than five years from their respective  
13 dates of issue, to be redeemable at the option of the Cor-  
14 poration before maturity in such manner as may be stipu-  
15 lated in such obligations. Such obligations may mature  
16 subsequent to the period of succession of the Corporation.  
17 Each such obligation shall bear interest at a rate determined  
18 by the Secretary of the Treasury, taking into consideration  
19 the current average rate on outstanding marketable obliga-  
20 tions of the United States as of the last day of the month  
21 preceding the issuance of the obligation of the Corporation.  
22 The Secretary of the Treasury is authorized to purchase  
23 any obligations of the Corporation to be issued hereunder,  
24 and for such purpose the Secretary of the Treasury is  
25 authorized to use as a public-debt transaction the proceeds

1 from the sale of any securities issued under the Second  
2 Liberty Bond Act, as amended, and the purposes for which  
3 securities may be issued under the Second Liberty Bond  
4 Act, as amended, are extended to include any purchases  
5 of the Corporation's obligations hereunder.

6 "SEC. 8. The Corporation, including its franchise, capital,  
7 reserves and surplus, and its income shall be exempt from all  
8 taxation now or hereafter imposed by the United States, by  
9 any Territory, dependency, or possession thereof, or by  
10 any State, county, municipality, or local taxing authority,  
11 except that any real property of the Corporation shall be  
12 subject to special assessments for local improvements and  
13 shall be subject to State, Territorial, county, municipal, or  
14 local taxation to the same extent according to its value as  
15 other real property is taxed: *Provided*, That the special  
16 assessment and taxation of real property as authorized  
17 herein shall not include the taxation as real property of  
18 possessory interests, pipe lines, power lines, or machinery  
19 or equipment owned by the Corporation regardless of their  
20 nature, use, or manner of attachment or affixation to the land,  
21 building, or other structure upon or in which the same may  
22 be located. The exemptions provided for in the preceding  
23 sentence with respect to taxation (which shall, for all  
24 purposes, be deemed to include sales, use, storage, and



1 purchase taxes) shall be construed to be applicable not only  
2 with respect to the Corporation but also with respect to any  
3 other public corporation which is now or which may be  
4 hereafter wholly financed and wholly managed by the Cor-  
5 poration. Such exemptions shall also be construed to be  
6 applicable to loans made, and personal property owned  
7 by the Corporation or such other corporations, but such  
8 exemptions shall not be construed to be applicable in any  
9 State to any buildings which are considered by the laws of  
10 such State to be personal property for taxation purposes.  
11 Notwithstanding any other provision of law or any privi-  
12 lege or consent to tax expressly or impliedly granted  
13 thereby, the shares of preferred stock of national banking  
14 associations, and the shares of preferred stock, capital notes,  
15 and debentures of State banks and trust companies, acquired  
16 prior to July 1, 1947, by the Corporation, and the divi-  
17 dends or interest derived therefrom by the Corporation,  
18 shall not, so long as the Corporation shall continue to own  
19 the same, be subject to any taxation by the United States,  
20 by any Territory, dependency or possession thereof, or the  
21 District of Columbia, or by any State, county, municipality,  
22 or local taxing authority, whether now, heretofore, or here-  
23 after imposed, levied, or assessed, and whether for a past,  
24 present, or future taxing period.

25 "SEC. 9. In the event of termination of the powers



1 granted to the Corporation by section 4 of this Act prior to  
2 the expiration of its succession as provided in section 3, the  
3 board of directors shall, except as otherwise herein specifically  
4 authorized, proceed to liquidate its assets and wind up its  
5 affairs. It may with the approval of the Secretary of the  
6 Treasury deposit with the Treasurer of the United States as  
7 a special fund any money belonging to the Corporation or  
8 from time to time received by it in the course of liquidation,  
9 for the payment of its outstanding obligations, which fund  
10 may be drawn upon or paid out for no other purpose. Any  
11 balance remaining after the liquidation of all the Corpora-  
12 tion's assets and after provision has been made for payment  
13 of all legal obligations shall be paid into the Treasury of the  
14 United States as miscellaneous receipts. Thereupon the  
15 Corporation shall be dissolved and its capital stock shall be  
16 canceled and retired.

17 "SEC. 10. If at the expiration of the succession of the  
18 Corporation, its board of directors shall not have completed  
19 the liquidation of its assets and the winding up of its affairs.  
20 the duty of completing such liquidation and winding up of  
21 its affairs shall be transferred to the Secretary of the Treas-  
22 ury, who for such purpose shall succeed to all the powers  
23 and duties of the board of directors under this Act. In such  
24 event he may assign to any officer or officers of the United  
25 States in the Treasury Department the exercise and per-

1 formance, under his general supervision and direction, of  
2 any such powers and duties. When the Secretary of the  
3 Treasury shall find that such liquidation will no longer be  
4 advantageous to the United States and that all of the Cor-  
5 poration's legal obligations have been provided for, he shall  
6 retire any capital stock then outstanding, pay into the  
7 Treasury as miscellaneous receipts the unused balance of the  
8 moneys belonging to the Corporation, and make a final  
9 report to the Congress. Thereupon the Corporation shall  
10 be deemed to be dissolved.

11 "SEC. 11. (a) Whoever makes any statement knowing  
12 it to be false, or whoever willfully overvalues any security,  
13 for the purpose of obtaining for himself or for any applicant  
14 any loan, or extension thereof by removal, deferment of ac-  
15 tion or otherwise, or the acceptance, release, or substitution of  
16 security therefor, or for the purpose of influencing in any  
17 way the action of the Corporation, or for the purpose of  
18 obtaining money, property, or anything of value, under this  
19 Act, shall be punished by a fine of not more than \$5,000  
20 or by imprisonment for not more than two years, or both.

21 "(b) Whoever (1) falsely makes, forges, or counter-  
22 feits any note, debenture, bond, or other obligation, or  
23 coupon, in imitation of or purporting to be a note, debenture,  
24 bond, or other obligation, or coupon, issued by the Corpora-  
25 tion; or (2) passes, utters, or publishes, or attempts to pass,

1 utter or publish, any false, forged or counterfeited note,  
2 debenture, bond, or other obligation, or coupon, purporting  
3 to have been issued by the Corporation, knowing the same  
4 to be false, forged, or counterfeited; or (3) falsely alters  
5 any note, debenture, bond, or other obligation, or coupon,  
6 issued or purporting to have been issued by the Corporation;  
7 or (4) passes, utters, or publishes, or attempts to pass, utter,  
8 or publish, as true any falsely altered or spurious note,  
9 debenture, bond, or other obligation, or coupon, issued or  
10 purporting to have been issued by the Corporation, knowing  
11 the same to be falsely altered or spurious, or any person  
12 who willfully violates any other provision of this Act, shall  
13 be punished by a fine of not more than \$10,000, by im-  
14 prisonment for not more than five years, or both.

15 “(c) Whoever, being connected in any capacity with  
16 the Corporation, (1) embezzles, abstracts, purloins, or will-  
17 fully misapplies any moneys, funds, securities, or other things  
18 of value, whether belonging to it or pledged or otherwise  
19 entrusted to it; or (2) with intent to defraud the Corporation  
20 or any other body politic or corporate, or any individual, or  
21 to deceive any officer, auditor, or examiner of the Corpora-  
22 tion, makes any false entry in any book, report, or statement  
23 of or to the Corporation, or, without being duly authorized,  
24 draws any order or issues, puts forth, or assigns any note,  
25 debenture, bond, or other obligation, or draft, bill of exchange,



1 mortgage, judgment, or decree thereof; or (3) with intent  
2 to defraud participates, shares, receives directly or indirectly  
3 any money, profit, property, or benefit through any transac-  
4 tion, loan, commission, contract, or any other act of the  
5 Corporation; or (4) gives any unauthorized information  
6 concerning any future action or plan of the Corporation  
7 which might affect the value of securities, or having such  
8 knowledge, invests or speculates, directly or indirectly, in the  
9 securities or property of any company, bank, or corporation  
10 receiving loans or other assistance from the Corporation,  
11 shall be punished by a fine of not more than \$10,000 or by  
12 imprisonment for not more than five years, or both.

13 “(d) No individual, association, partnership, or cor-  
14 poration shall use the words ‘Reconstruction Finance Cor-  
15 poration’ or a combination of these three words, as the name  
16 or a part thereof under which he or it shall do business.  
17 Every individual, partnership, association, or corporation  
18 violating this prohibition shall be guilty of a misdemeanor  
19 and shall be punished by a fine of not exceeding \$1,000 or  
20 imprisonment not exceeding one year, or both.

21 “(e) The provisions of sections 112, 113, 114, 115,  
22 116, and 117 of the Criminal Code of the United States  
23 (U. S. C., title 18, ch. 5, secs. 202 to 207, inclusive),  
24 insofar as applicable, are extended to apply to contracts or  
25 agreements with the Corporation under this Act, which for



1 the purposes hereof shall be held to include loans, advances,  
2 discounts, and rediscounts; extensions and renewals thereof;  
3 and acceptances, releases, and substitutions of security there-  
4 for.

5 "SEC. 12. The Corporation is authorized to exercise the  
6 functions, powers, duties, and authority transferred to the  
7 Corporation by Public Law 109, Seventy-ninth Congress,  
8 approved June 30, 1945, but only with respect to programs,  
9 projects, or commitments outstanding on June 30, 1947.

10 "SEC. 13. If any provision of this Act or the applica-  
11 tion of such provision to any person or circumstances shall  
12 be held invalid, the validity of the remainder of this Act,  
13 and the applicability of such provision to other persons or  
14 circumstances, shall not be affected thereby."

## 15 TITLE II—MISCELLANEOUS

16 SEC. 201. No provision of this Act shall be construed so  
17 as to prevent the Corporation from disbursing funds on pur-  
18 chases, of securities and obligations, on loans made, or on com-  
19 mitments or agreements to make such purchases or loans,  
20 and liabilities incurred, pursuant to law prior to the effective  
21 date of this Act.

22 SEC. 202. The succession of United States Commercial  
23 Company, a corporation created by the Reconstruction  
24 Finance Corporation pursuant to section 5d (3) of the

1 Reconstruction Finance Corporation Act, as amended, is  
2 hereby extended through June 30, 1948.

3 SEC. 203. All assets and liabilities of every kind and  
4 nature, together with all documents, books of account, and  
5 records, of The RFC Mortgage Company, a corporation  
6 organized under the laws of the State of Maryland, all the  
7 capital stock of which is owned and held by the Reconstruc-  
8 tion Finance Corporation, shall be transferred to the Recon-  
9 struction Finance Corporation. With respect to the assets,  
10 liabilities, and records transferred, "Reconstruction Finance  
11 Corporation" for all purposes is hereby substituted for "The  
12 RFC Mortgage Company", and no suit, action, or other  
13 proceeding lawfully commenced by or against such corpora-  
14 tion shall abate by reason of the enactment of this Act, but  
15 the court, on motion or supplemental petition filed at any  
16 time within twelve months after the date of such enactment,  
17 showing a necessity for the survival of such suit, action, or  
18 other proceeding to obtain a determination of the questions  
19 involved, may allow the same to be maintained by or against  
20 the Reconstruction Finance Corporation.

21 SEC. 204. The Federal Loan Agency, created by Reor-  
22 ganization Plan Numbered 1 pursuant to the provisions of  
23 the Reorganization Act of 1939, approved April 3, 1939,  
24 is hereby abolished, and all its property and records are

1 hereby transferred to the Reconstruction Finance Corpora-  
2 tion.

3 SEC. 205. The Reconstruction Finance Corporation is  
4 authorized and directed to transfer as soon as practicable  
5 after the effective date of this Act, to the Secretary of the  
6 Treasury, and the Secretary of the Treasury is authorized  
7 and directed to receive, all of the stock of the Federal home-  
8 loan banks held by the Reconstruction Finance Corporation.  
9 The Secretary of the Treasury shall cancel notes of the  
10 Reconstruction Finance Corporation, and sums due and un-  
11 paid upon or in connection with such notes at the time of  
12 such cancellation, in an amount equal to the par value of  
13 the stock so transferred.

14 SEC. 206. The following Acts and portions of Acts are  
15 hereby repealed:

16 (a) Sections 1, 201, 202, 203, 204, 205, 206, 207,  
17 208, 209, and 211 of the Emergency Relief and Con-  
18 struction Act of 1932, approved July 21, 1932 (47 Stat.  
19 709), as amended;

20 (b) Section 304 of the Act approved March 9, 1933  
21 (48 Stat. 1), as amended;

22 (c) Sections 27, 32, 36, 37, and 38 of the Emergency  
23 Farm Mortgage Act of 1933, approved May 12, 1933  
24 (48 Stat. 41), as amended;

1       (d) Sections 5 and 19 (c) and the last two sentences  
2 of section 8 (b) of the Agricultural Adjustment Act, ap-  
3 proved May 12, 1933 (48 Stat. 33), as amended;

4       (e) The Act approved June 10, 1933 (48 Stat. 119),  
5 as amended;

6       (f) The last sentence of section 4 (b) of the Home  
7 Owners' Loan Act of 1933, approved June 13, 1933 (48  
8 Stat. 129), as amended;

9       (g) Sections 301 and 302 of the National Industrial  
10 Recovery Act, approved June 16, 1933 (48 Stat. 195),  
11 as amended;

12       (h) Section 84 of the Farm Credit Act of 1933, ap-  
13 proved June 16, 1933 (48 Stat. 257), as amended;

14       (i) The Act approved January 20, 1934 (48 Stat.  
15 318) ;

16       (j) The fourth paragraph of the Emergency Appro-  
17 priation Act, fiscal year 1935, approved June 19, 1934  
18 (48 Stat. 1056), and section 202 of the Public Works  
19 Administration Extension Act of 1937, approved June 29,  
20 1937 (50 Stat. 357) ;

21       (k) Sections 10, 13, 14, 15, and 16 of the Act ap-  
22 proved June 19, 1934 (48 Stat. 1105), as amended;

23       (l) So much of sections 4 and 602 of the National  
24 Housing Act, approved June 27, 1934 (48 Stat. 1247) .



1 as amended, as relates to the Reconstruction Finance  
2 Corporation;

3 (m) The first section and sections 2, 3, 9, 11, and 13  
4 of the Act approved January 31, 1935 (49 Stat. 1), as  
5 amended;

6 (n) The Act approved August 24, 1935 (49 Stat.,  
7 ch. 646, p. 796) ;

8 (o) The Act approved March 20, 1936 (49 Stat.  
9 1185) ;

10 (p) The Act approved April 10, 1936 (49 Stat., ch.  
11 168, p. 1191) ;

12 (q) The first section of the Act approved January 26,  
13 1937 (50 Stat. 5) , as amended;

14 (r) The Act approved February 11, 1937 (50 Stat.  
15 19) , as amended;

16 (s) So much of section 32 (b) of the Farm Credit  
17 Act of 1937, approved August 19, 1937 (50 Stat. 703) ,  
18 as relates to the Reconstruction Finance Corporation and so  
19 much of section 33 (b) of the said Act as relates to the  
20 payment of the expenses of corporations formed by the con-  
21 solidation of two or more regional agricultural credit cor-  
22 porations ;

23 (t) So much of the Act approved June 25, 1938 (52  
24 Stat. 1193) , as relates to the Reconstruction Finance Cor-  
25 poration ;

1 (u) Section 12 of the Federal Highway Act of 1940.  
2 approved September 5, 1940 (54 Stat. 867) ;

3 (v) Section 5 of the Act approved June 10, 1941  
4 (55 Stat. 250) ;

5 (w) The Act approved October 23, 1941 (55 Stat..  
6 ch. 454, p. 744) ;

7 (x) The Act approved March 27, 1942 (56 Stat.,  
8 ch. 198, p. 174) ;

9 (y) The Act approved June 5, 1942 (56 Stat., ch.  
10 352, p. 326) ; and

11 (z) Sections 1 and 2 of Public Law 656, 79th Con-  
12 gress, approved August 7, 1946.

13 SEC. 207. The liquidation of the affairs of the Smaller  
14 War Plants Corporation administered by the Reconstruction  
15 Finance Corporation pursuant to Executive Order 9665 shall  
16 be carried out by the Reconstruction Finance Corporation,  
17 notwithstanding the provisions of the last paragraph of sec-  
18 tion 5 of the First War Powers Act, 1941. The Smaller  
19 War Plants Corporation is hereby abolished.

20 SEC. 208. (a) The Reconstruction Finance Corporation  
21 shall have the power to purchase any surplus property for  
22 resale, subject to regulations of the War Assets Administrator  
23 or his successor, to small business when, in its judgment,  
24 such disposition is required to preserve and strengthen the  
25 competitive position of small business. The purchase of

1 surplus property under this section shall be given priority  
2 under the Surplus Property Act of 1944, as amended, im-  
3 mediately following transfers to Government agencies under  
4 section 12 of such Act, as amended, and disposals to veterans  
5 under section 16 of such Act, as amended. The provisions  
6 of section 12 (c) of the Surplus Property Act of 1944, as  
7 amended, shall be applicable to purchases made under this  
8 section. The Reconstruction Finance Corporation shall not  
9 purchase any surplus property pursuant to this section unless  
10 a small business had previously made application to the  
11 Reconstruction Finance Corporation for such property. The  
12 Reconstruction Finance Corporation shall not purchase any  
13 real property for resale to small business pursuant to this  
14 section in any case where any person from whom the prop-  
15 erty had been acquired by a Government agency, gives  
16 notice in writing to the Reconstruction Finance Corporation  
17 that he intends to exercise his rights under section 23 of  
18 the Surplus Property Act, as amended.

19 (b) The Reconstruction Finance Corporation is further  
20 authorized for the purpose of carrying out the objectives of  
21 this section to arrange for sales of surplus property to small  
22 business concerns on credit or time basis.

23 (c) For the purposes of this section the terms "per-  
24 sons", "surplus property", and "Government agency" have

1 the same meaning as is assigned to such terms by section 3  
2 of the Surplus Property Act of 1944, as amended.

3 SEC. 209. During the period between June 30, 1947,  
4 and the date of enactment of legislation making funds avail-  
5 able for administrative expenses for the fiscal year ending  
6 June 30, 1948, the Corporation is authorized to incur, and  
7 pay out of its general funds, administrative expenses in  
8 accordance with laws in effect on June 30, 1947, such  
9 obligations and expenditures to be charged against funds  
10 when made available for administrative expenses for the  
11 fiscal year 1948.

12 SEC. 210. This Act shall take effect as of midnight  
13 June 30, 1947.





80TH CONGRESS  
1ST Session

**H. R. 3916**

[Report No. 626]

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# **A BILL**

To amend the Reconstruction Finance Corporation Act, as amended, and to extend the succession and certain lending powers and functions of the Reconstruction Finance Corporation, and for other purposes.

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By Mr. WOLCOTT

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JUNE 20, 1947

Referred to the Committee on Banking and Currency

JUNE 21, 1947

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed







DIGEST OF  
CONGRESSIONAL PROCEEDINGS  
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
Division of Legislative Reports  
(For Department staff only)

Issued June 24, 1947  
For actions of June 23, 1947  
80th-1st, No. 119

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HIGHLIGHTS: Senate passed deficiency appropriation bill which includes items on foot-and-mouth disease, deficiency obligations, terminal leave from 1947 funds, and ARA buildings. Senate committee reported measures to end certain war powers and continue others. Rep. Murray, Wis., indicated belief that SCS funds are adequate, said "New Dealers...voted to liquidate the sheep business", and said "administration has allowed milk to sell below the floor". Senate passed measure to continue RFC without change; House Rules cleared similar bill.

SENATE

1. SECOND URGENT DEFICIENCY APPROPRIATION BILL, 1947. Passed as reported this bill, H. R. 3791 (pp. 7697). For its provisions see Digests 117 and 110. Sens. Bridges, Brooks, Gurney, Ball, McKellar, Hayden, and Tydings were appointed conferees (p. 7697).
2. LABOR. Over-rode 68-25; the veto of H. R. 3020, the labor-management bill (pp. 7677-92). The bill now becomes law.
3. WAR POWERS. The Judiciary Committee reported with amendments S. J. Res. 123, declaring that in interpreting certain laws and proclamations World War II, the limited emergency, and the unlimited emergency shall be construed as terminated and peace established (S. Rept. 339); and S. 1461, to continue certain powers under the Second War Powers Act (S. Rept. 340)(p. 7693).
4. ELECTRIFICATION. Received from the Federal Power Commission its report on "Electric Utility Depreciation Practices," 1945; to Interstate and Foreign Commerce Committee (p. 7692).
5. SURPLUS PROPERTY. Received from the Wis. Legislature a memorial asking discontinuance of disposal of surplus war goods until a "new and adequate system" can be worked out, and asking for an investigation (p. 7693).
6. HEALTH. At Sen. Aiken's request, transferred the President's health message from the Expenditures Committee to the Labor and Public Welfare Committee (p. 7694).
7. FLOOD CONTROL. Sens. Butler and Wherry, Nebr., spoke in favor of additional funds for flood control and mentioned farm damage from floods (pp. 7695-6).

8. FORESTS. Passed as reported S. 616, to authorize creation of a game refuge in Francis Marion National Forest, S.C. (p. 7698).
9. FISH. Passed as reported S. 682, to regulate interstate transportation of black bass and other game fish (p. 7698).
10. RECONSTRUCTION FINANCE CORPORATION. Passed without amendment S.J.Res. 135, to continue RFC without change until June 30, 1948 (p. 7705).
11. MILITARY LEAVE. Passed without amendment H.R. 1845, to amend laws regarding such leave to certain U.S. employees so as to equalize rights to leave and re-employment for such employees who are members of the Enlisted or Officers' Reserve Corps, the National Guard, or the Naval Reserve (p. 7706). This bill will now be sent to the President.
12. ASSISTANT SECRETARY OF COMMERCE. Passed without amendment S. 1421, to provide for an additional Assistant Secretary of Commerce (p. 7712).
13. NAVAL APPROPRIATION BILL, H.R. 3493, was reported with amendments (S. Rept. 338) (p. 7693).

#### HOUSE

14. SOIL CONSERVATION; WOOL; MILK PRICE SUPPORTS. Rep. Murray, Wis., stated that "the New Dealers...voted to liquidate the sheep business...on June 16, 1947", that "it is difficult to see how the Soil Conservation Service can complain" about appropriations, and that "the administration has allowed milk to sell below the floor guaranteed by law" (p. 7716-7).
15. R.F.C. EXTENSION. The Rules Committee reported a resolution for the consideration of H.R. 3916, the RFC extension bill (pp. 7720, 7732).
16. FLOOD CONTROL. Rep. Curtis, Nebr., urged emergency assistance to control floods in southwest Nebr. (p. 7715).
17. FOREIGN AFFAIRS. Rep. Courtney, Tenn., spoke favoring H.R. 3342, the information and educational exchange bill (p. 7718).

#### BILLS INTRODUCED

18. PERSONNEL. S. 1492, by Sen. Langer, N. Dak., to amend the Social Security Act so as to provide unemployment compensation for Federal employees; and to provide benefits for Federal employees involuntarily separated from employment. To Civil Service Committee. (p. 7693.)  
S. 1493, by Sen. Langer, N. Dak., "to amend section 19 of the Veterans' Preference Act. To Civil Service Committee. (p. 7693.)  
S. 1494, by Sen. Langer, N. Dak., "to amend section 14 of the Veterans' Preference Act. To Civil Service Committee. (p. 7693.)

#### ITEMS IN APPENDIX

19. APPROPRIATIONS. Sen. Magnuson, Wash., inserted his statement before the Senate Appropriations Committee urging that adequate appropriations be made for SCS, APC, crop insurance, forest roads and trails, and REA (pp. A3268-72).
20. FARM PROGRAM. Extension of remarks of Rep. Lemke, N. Dak., defending the farmers' position in the question of high food prices and including a United



third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That subsection (g) of section 77 of the Judicial Code, as amended, is hereby amended by striking out the proviso thereof which reads as follows: "Provided, That no cost shall be incurred by the Government in furnishing quarters for holding court at Brunswick."

MARY LOMAS

The Senate proceeded to consider the bill (H. R. 1742) for the relief of Mary Lomas, which had been reported from the Committee on the Judiciary, with an amendment on page 1, line 5, after the numerals "890", to strike out "54" and insert in lieu thereof "56."

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

TROY CHARLES DAVIS, JR.

The bill (S. 258) for the relief of Troy Charles Davis, Jr., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Troy Charles Davis, Jr., of Denver, Colo., a merchant seaman entitled to medical treatment and hospitalization at Government expense, the sum of \$211.32, in full satisfaction of all claims against the United States for reimbursement of medical and hospital expenses incurred by him in connection with an emergency operation which it became necessary for him to have performed in a private hospital in Denver, Colo., because of the lack of a marine hospital in that city: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

FRANKIE STALNAKER

The Senate proceeded to consider the bill (S. 1100) for the relief of Frankie Stalnak, which had been reported from the Committee on the Judiciary with an amendment, on page 1, line 6, after the words "the sum of", to strike out "\$4,000" and insert in lieu thereof "\$2,000", so as to make the bill read:

*Be it enacted, etc.,* That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Frankie Stalnak, of Baltimore, Md., the sum of \$2,000, in full satisfaction of her claim against the United States for reimbursement of medical and hospital expenses incurred by her, and for compensation for personal injuries sustained by her on December 7, 1944, in Baltimore, Md., as a result of being struck by a United States Government mail truck.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### TEMPORARY EXTENSION OF SUCCESSION AND POWERS OF RECONSTRUCTION FINANCE CORPORATION

The joint resolution (S. J. Res. 135) to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Resolved, etc.,* That (a) the first sentence of section 4 of the Reconstruction Finance Corporation Act, as amended, is hereby further amended by striking out "June 30, 1947" and inserting in lieu thereof "June 30, 1948"; and the first sentence of section 14 of the Reconstruction Finance Corporation Act, as amended, is hereby further amended by striking out "July 1, 1947" and inserting in lieu thereof "July 1, 1948"; and (b) section 5d of the Reconstruction Finance Corporation Act, as amended; the act approved January 26, 1937 (50 Stat., ch. 6, p. 5), as amended; and the act approved February 11, 1937 (50 Stat., ch. 10, p. 19), as amended, are hereby further amended by striking out "June 30, 1947" wherever appearing and in each instance inserting in lieu thereof "June 30, 1948."

#### CONCURRENT RESOLUTION PASSED OVER

The concurrent resolution (H. Con. Res. 49) against adoption of Reorganization Plan No. 2 of May 1, 1947, was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDING OFFICER. The concurrent resolution will be passed over.

#### PARTICIPATION OF ARMY AND NAVY PERSONNEL IN OLYMPIC GAMES

The bill (H. R. 2276) to authorize the Secretary of War to pay certain expenses incident to training, attendance, and participation of personnel of the Army of the United States in the seventh winter sports Olympic games and the fourteenth Olympic games and for future Olympic games was announced as next in order.

Mr. LANGER. Mr. President, I should like to know how much this bill will cost the Government.

Mr. GURNEY. There is an authorization of \$125,000 for the two services.

Mr. LANGER. I object to consideration of the bill at this time.

The PRESIDING OFFICER. The bill will be passed over.

Mr. LANGER subsequently said: Mr. President, after conferring with the Senator from South Dakota [Mr. GURNEY]; I wish to withdraw my objection to House bill 2276, Calendar No. 330.

Mr. GURNEY. Mr. President, I have conferred with the Senator from North Dakota [Mr. LANGER], who has now very kindly withdrawn his objection. I hope, therefore, that it may be passed.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Armed Services with an amendment, to strike out all after the enacting clause and insert:

That the Secretary of War and the Secretary of the Navy are hereby authorized to direct the training and attendance of per-

sonnel of the Army of the United States and of the naval service, respectively, as participants in the seventh winter sports olympic games and the fourteenth olympic games and future olympic games: *Provided*, That the Secretary of War is further authorized to direct the training and attendance of animals of the Army of the United States for such games: *Provided further*, That the expenses in amounts not to exceed \$75,000 for the Army and \$50,000 for the Navy, incident to the training, attendance, and participation in the seventh winter sports olympic games and the fourteenth olympic games, including the use of such supplies, material, and equipment as in the opinion of the Secretary of War and the Secretary of the Navy, respectively, may be necessary, may be charged to the appropriations for the support of the Army and appropriations for the Navy Department and the naval service, respectively, for the fiscal year 1948 and 1949: *And provided further*, That applicable allowances which are or may be fixed by law or regulations for participation in other military activities shall not be exceeded.

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to authorize the Secretary of War and the Secretary of the Navy to pay certain expenses incident to training, attendance, and participation of personnel of the Army of the United States and of the naval service, respectively, in the seventh winter sports Olympic games and the fourteenth Olympic games and for future Olympic games."

#### MANAGEMENT AND OPERATION OF NAVAL PLANTATIONS OUTSIDE THE UNITED STATES

The Senate proceeded to consider the bill (H. R. 1358) to amend the act entitled "An act to provide for the management and operation of naval plantations, outside the continental United States," approved June 28, 1944, which had been reported from the Committee on Armed Services with amendments.

The first amendment of the Committee on Armed Services was, in section 1, on page 1, line 3, after the word "That", to strike out "section 2 of."

The amendment was agreed to.

The next amendment was, on page 1, after line 6, to insert:

SECTION 1. Hereafter the appropriations for the subsistence of Army and Navy personnel, respectively, shall be available for any and all expenditures necessary in the management, operation, maintenance, and improvement of any plantation or farm, on land subject to Army or Navy jurisdiction outside of the continental United States, for the purpose of furnishing fresh fruits and vegetables to the armed forces of the United States: *Provided*, That equipment, material, and supplies required therein may be purchased without regard to section 3709 of the Revised Statutes, and other laws applicable to purchases by governmental agencies: *Provided further*, That only American nationals, employees of the United States, shall be entitled to benefits under the civil-service laws and other laws of the United States relating to the employment, work, compensation, rights, benefits, or obligations of civilian employees of the United States: *Provided further*, That surplus production over the amount furnished,



or sold to the armed forces of the United States and to civilians serving with the armed forces may only be sold outside the continental limits of the United States: *And provided further*, That no land shall be acquired under this authorization.

The amendment was agreed to.

The next amendments were, in section 2, on page 2, line 25, after the word "end", to insert "the Secretary of War, with respect to Army affairs, and"; on page 3, line 1, after the word "Navy", to insert "with respect to Navy affairs"; at the beginning of line 7, to strike out "naval or" and insert "Army, Navy, or"; in line 8, after the words "determination of", to insert "the Secretary of War, in regard to Army matters, and"; and in line 10, after "Navy", to insert "in regard to Navy matters."

The amendments were agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

#### MILITARY LEAVE OF CERTAIN EMPLOYEES OF THE UNITED STATES OR OF THE DISTRICT OF COLUMBIA

The bill (H. R. 1845) to amend existing laws relating to military leave of certain employees of the United States or of the District of Columbia so as to equalize rights to leave of absence and reemployment for such employees who are members of the Enlisted or Officers' Reserve Corps, the National Guard or the Naval Reserve, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

#### CLOTHING ALLOWANCE OF CERTAIN ENLISTED MEN OF THE MARINE CORPS

The Senate proceeded to consider the bill (H. R. 1375) to further amend section 10 of the Pay Readjustment Act of 1942, so as to provide for the clothing allowance of enlisted men of the Marine Corps and Marine Corps Reserve, which had been reported from the Committee on Armed Services with an amendment, on page 1, line 8, after the words "men of the" to insert "Army."

The amendment was agreed to.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended so as to read: "An act to further amend section 10 of the Pay Readjustment Act of 1942, so as to provide for the clothing allowance of enlisted men of the Army, Marine Corps, and Marine Corps Reserve."

#### TRANSFER OF CERTAIN PROPERTY TO THE PANAMA CANAL

The bill (H. R. 3629) to authorize the transfer to the Panama Canal of property which is surplus to the needs of the War Department or Navy Department was considered, ordered to a third reading, read the third time, and passed.

#### CONVEYANCE OF LAND TO LOUISIANA POWER & LIGHT CO.

The bill (H. R. 2248) to authorize the Secretary of War to grant an easement and to convey to the Louisiana Power & Light Co. a tract of land comprising a

portion of Camp Livingston in the State of Louisiana was considered, ordered to a third reading, read the third time, and passed.

#### ATTENDANCE OF MARINE BAND AT NATIONAL ENCAMPMENT OF GRAND ARMY OF THE REPUBLIC

The bill (H. R. 3124) to authorize the attendance of the Marine Band at the Eighty-first National Encampment of the Grand Army of the Republic to be held in Cleveland, Ohio, August 10 to 14, 1947, was considered, ordered to a third reading, read the third time, and passed.

#### MAJ. RALPH M. ROWLEY AND FIRST LT. IRVING E. SHEFFEL

The bill (S. 179) for the relief of Maj. Ralph M. Rowley and First Lt. Irving E. Sheffel was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.*, That Ralph M. Rowley, major, Signal Corps, United States Army, and Irving E. Sheffel, first lieutenant, Finance Department, United States Army, are hereby relieved of liability for all charges now entered or which may be entered against them, or either of them, as a result of the theft of 429,257 lire (\$4,292.57) of Army funds by a person unknown, near Ruvo, Italy, on November 3, 1943, while the said Ralph M. Rowley was acting as class A agent officer for the said Irving E. Sheffel.

SEC. 2. The Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the said Ralph M. Rowley, an amount equal to the total amount deducted from his pay in partial settlement of any such charges: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

#### REV. JOHN C. YOUNG

The bill (S. 880) for the relief of Rev. John C. Young, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.*, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Reverend John C. Young, of Montgomery, W. Va., the sum of \$3,500, in full satisfaction of his claim against the United States for compensation for personal injuries and loss of earnings sustained by him as a result of having been shot by a member of the military police force of the Army of the United States, in Montgomery, W. Va., on August 11, 1945: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

#### COL. WILLIAM J. KENNARD

The bill (S. 957) for the relief of Col. William J. Kennard was considered, ordered to be engrossed for a third read-

ing, read the third time, and passed, as follows:

*Be it enacted, etc.*, That the Secretary of the Treasury be, and he hereby is, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Col. William J. Kennard, of Washington, D. C., the sum of \$950, in full satisfaction of his claim against the United States for the difference between (1) the amount he was actually allowed as compensation for the value of the personal property which he lost as a result of the invasion of the Philippine Islands by the Japanese in December 1941, and (2) the amount which should have been paid to the said Col. William J. Kennard as compensation for the value of such property: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

#### PATENT IN FEE TO JAMES BLACK DOG

The Senate proceeded to consider the bill (S. 402) to authorize and direct the Secretary of the Interior to issue to James Black Dog a patent in fee to certain land, which had been reported from the Committee on Public Lands with an amendment, on page 1, line 3, after the word "That," to insert "upon application in writing", so as to make the bill read:

*Be it enacted, etc.*, That, upon application in writing, the Secretary of the Interior is authorized and directed to issue to James Black Dog, a Fort Peck Indian allottee, a patent in fee to the northeast quarter of section 34, township 30 north, of range 53 east, Montana principal meridian, containing 160 acres.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### PATENT IN FEE TO GROWING FOUR TIMES

The Senate proceeded to consider the bill (S. 608) authorizing and directing the Secretary of the Interior to issue a patent in fee to Growing Four Times, which had been reported from the Committee on Public Lands with an amendment, on page 1, line 3, after the word "That," to insert "upon application in writing", so as to make the bill read:

*Be it enacted, etc.*, That, upon application in writing, the Secretary of the Interior is authorized and directed to issue to Growing Four Times, of Frazier, Mont., a patent in fee to the following-described allotted lands situated in the State of Montana: The northeast quarter of the southeast quarter, and the southeast quarter of the southeast quarter, of section 5, township 26 north, range 45 east, Montana principal meridian.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### CAPITAL GRANTS FOR CERTAIN LOW-RENT HOUSING AND SLUM-CLEARANCE PROJECTS

The bill (S. 1361) to amend the United States Housing Act of 1937 so as to permit capital grants for low-rent housing and slum-clearance projects where construction costs exceed present cost limi-



## CONSIDERATION OF H. R. 3916

---

JUNE 23, 1947.—Referred to the House Calendar and ordered to be printed

---

Mr. ALLEN of Illinois, from the Committee on Rules, submitted the following

### REPORT

[To accompany H. Res. 252]

The Committee on Rules, having had under consideration House Resolution 252, report the same to the House with the recommendation that the resolution do pass.





## House Calendar No. 109

80<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. RES. 252

[Report No. 639]

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### IN THE HOUSE OF REPRESENTATIVES

JUNE 23, 1947

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

---

## RESOLUTION

1      *Resolved*, That immediately upon the adoption of this  
2 resolution it shall be in order to move that the House resolve  
3 itself into the Committee of the Whole House on the State  
4 of the Union for the consideration of the bill (H. R. 3916)  
5 to amend the Reconstruction Finance Corporation Act, as  
6 amended, and to extend the succession and certain lending  
7 powers and functions of the Reconstruction Finance Corpora-  
8 tion, and for other purposes, and all points of order against  
9 said bill are hereby waived. That after general debate,  
10 which shall be confined to the bill and continue not to exceed  
11 two hours, to be equally divided and controlled by the chair-  
12 man and ranking minority member of the Committee on



1 Banking and Currency, the bill shall be read for amendment  
2 under the five-minute rule. At the conclusion of the con-  
3 sideration of the bill for amendment, the Committee shall rise  
4 and report the bill to the House with such amendments as  
5 may have been adopted and the previous question shall be  
6 considered as ordered on the bill and amendments thereto to  
7 final passage without intervening motion except one motion  
8 to recommit.



80TH CONGRESS  
1ST SESSION

**H. RES. 252**

[Report No. 639]

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**RESOLUTION**

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Providing for the consideration of the bill  
(H. R. 3916) to amend the Reconstruction  
Finance Corporation Act, as amended, and  
to extend the succession and certain lending  
powers and functions of the Reconstruction  
Finance Corporation, and for other purposes.

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By Mr. ALLEN of Illinois

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JUNE 23, 1947

Referred to the House Calendar and ordered to be  
printed



Resolution 40, authorizing the Committee on Un-American Activities to have printed for its use additional copies of House Report 209, Eightieth Congress, first session, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved by the House of Representatives (the Senate concurring).* That in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, as amended, the Committee on Un-American Activities, House of Representatives, be, and is hereby authorized and empowered to have printed for its use 25,000 additional copies of House Report 209, Eightieth Congress, first session, entitled "The Communist Party of the United States as an Agent of a Foreign Power."

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### ADDITIONAL COPIES OF HEARINGS BY COMMITTEE ON UN-AMERICAN ACTIVITIES

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration I call up House Concurrent Resolution 39, authorizing the Committee on Un-American Activities to have printed for its use additional copies of the hearing held on February 6, 1947, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved by the House of Representatives (the Senate concurring).* That in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, as amended, the Committee on Un-American Activities, House of Representatives, be, and is hereby authorized and empowered to have printed for its use 3,000 additional copies of the hearing held before said committee on February 6, 1947, pursuant to Public Law 601, Seventy-ninth Congress.

With the following committee amendment:

Page 1, line 6, strike out "3" and insert "2."

The committee amendment was agreed to.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### ADDITIONAL COPIES OF WAYS AND MEANS COMMITTEE HEARINGS ON RECIPROCAL TRADE AGREEMENTS

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 186, authorizing the Committee on Ways and Means of the House of Representatives to have printed for its use additional copies of the hearings held before said committee during the current session relative to reciprocal trade agreements, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved,* That, in accordance with paragraph 3 of section 2 of the Printing Act, approved March 1, 1907, the Committee on Ways and Means of the House of Representatives be, and is hereby, authorized and empowered to have printed for its use 1,000 additional copies of the hearings held before said committee during the current session relative to reciprocal trade agreements.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### GRAHAM HISTORY OF JUDICIARY COMMITTEE MADE A HOUSE DOCUMENT

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 241, providing for the printing, as a House document, the History of the Committee on the Judiciary, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved,* That the "History of the Committee on the Judiciary," prepared by the Honorable LOUIS E. GRAHAM, be printed as a House document.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### ADDITIONAL COPIES OF CERTAIN HOUSE REPORTS

Mr. LECOMPTE. Mr. Speaker, by direction of the Committee on House Administration, I call up House Concurrent Resolution 35, providing for the printing of additional copies of House Report No. 541, Seventy-ninth Congress; House Report No. 1205, Seventy-ninth Congress; and House Report No. 2729, Seventy-ninth Congress, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved by the House of Representatives (the Senate concurring).* That there shall be printed 1,500 additional copies of House Report No. 541, Seventy-ninth Congress, entitled "The Postwar Foreign Economic Policy of the United States," of which 500 copies shall be for the use of the Senate and 1,000 copies shall be for the use of the House; 1,500 additional copies of House Report No. 1205, Seventy-ninth Congress, entitled "Economic Reconstruction in Europe," of which 500 copies shall be for the use of the Senate and 1,000 copies shall be for the use of the House; and 5,000 additional copies of House Report No. 2729, Seventy-ninth Congress, entitled "Final Report Reconversion Experience and Current Economic Problems," of which 500 copies shall be for the use of the Senate and 4,500 copies shall be for the use of the House.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### ERECTION IN THE DISTRICT OF COLUMBIA OF A MEMORIAL TO THE MARINE CORPS DEAD

Mr. BISHOP. Mr. Speaker, I call up Senate Joint Resolution 113, authorizing the erection in the District of Columbia of a memorial to the Marine Corps dead of all wars, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved, etc.,* That the Secretary of the Interior is authorized and directed to grant authority to the Marine Corps League, Inc., to erect a memorial on public grounds in the District of Columbia in honor and in commemoration of the men of the United States Marine Corps who have given their lives to their country.

SEC. 2. The design and the site of such memorial shall be approved by the National Commission of Fine Arts, and the United

States shall be put to no expense in or by the erection thereof.

SEC. 3. The authority conferred pursuant to this joint resolution shall lapse unless (1) the erection of such memorial is commenced within 5 years from the date of passage of this joint resolution, and (2) prior to its commencement funds are certified available in an amount sufficient, in the judgment of the Secretary of the Interior, to insure completion of the memorial.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### EXTENSION OF REMARKS

Mr. LECOMPTE asked and was given permission to extend his remarks in the Appendix of the RECORD and include a resolution of the City Council of the City of Ottumwa, Iowa.

Mr. TABER asked and was given permission to extend his remarks in the RECORD and include a letter from the Chairman of the Maritime Commission to Mr. TABER, dated June 9, Mr. TABER's reply thereto dated June 17; and a letter dated June 20, 1947, from the Comptroller General to Mr. TABER.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. TABER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

#### THE MARITIME COMMISSION

Mr. TABER. Mr. Speaker, I have been accused of many things this year by the bureaucrats who object to every effort to bring about business management in Government, but an all-time high was reached last Friday when the Chairman of the Maritime Commission accused the Comptroller General and me jointly of being responsible for closing up the offices of the Commission because we refused to enter into a conspiracy to violate the law. Lindsay Warren's and my shoulders are broad enough to stand up under such a charge.

The truth of the matter is that the Maritime Commission knew on July 1, 1946, just how much money they had to spend for administrative expenses this year. They did not keep books on it or they would have known then just how to adjust their personnel to stay within the limitation. They knew on the 15th of April this year that they had made such a mess of their bookkeeping and budgeting that they were in the red to the tune of \$331,552 and had to do something to get in the clear. Instead of taking action which would have enabled them to live within their budget, they attempted to persuade the Comptroller to permit them to violate the law in their accounts and wanted me to agree to it. Lindsay Warren and I have been around just a little too long to fall for that kind of business. This performance is typical of the way the Commission has run its business for a number of years as described in the report on the independent offices appropriation bill last week. Their string has played out; the Commission has had to close up and they say I am to blame.



They did not have the grace to come before the Appropriations Committee with a budget estimate in the usual way.

I have today inserted in the CONGRESSIONAL RECORD the correspondence which sets forth all the facts.

#### EXTENDING RECONSTRUCTION FINANCE CORPORATION

Mr. ALLEN of Illinois from the Committee on Rules, reported the following privileged resolution (H. Res. 252, Rept. No. 639), which was referred to the House Calendar and ordered to be printed:

*Resolved*, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3916) to amend the Reconstruction Finance Corporation Act, as amended, and to extend the succession and certain lending powers and functions of the Reconstruction Finance Corporation, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

#### THE LEGISLATURE OF PENNSYLVANIA KILLS COMMUNISTIC FEPC

Mr. RANKIN. Mr. Speaker, while we are talking of sending the Voice of America to Moscow, I come this morning to call your attention to the "voice of Moscow" as it is sent to America through the Communist Daily Worker, which this morning attacks the Legislature of the State of Pennsylvania for its refusal to pass the crazy FEPC Act.

You will remember that they put that crazy measure on the ballot in California last fall and the people voted on it. It lost by a clear majority in every single county in California. They have tried to ram it through the legislatures of various other States and failed.

The committee on labor of the Legislature of Pennsylvania turned it down 17 to 8, then they tried to have the committee discharged. The legislature sustained the committee by an overwhelming majority.

They absolutely failed to bunko the people of Pennsylvania, or at least the legislature of that great State into passing one of the most vicious pieces of Communist legislation ever proposed.

Remember this FEPC proposal is the chief plank in the Communist platform.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Pennsylvania.

Mr. RICH. I am glad the gentleman recognizes the fact that in Pennsylvania we have a good, sound, sensible Republican administration.

Mr. RANKIN. Let me say to the gentleman from Pennsylvania that Republicans can get right when they try. I hope other intelligent Republicans throughout the country join with the intelligent Democrats in defeating this communistic measure every time it comes up.

The SPEAKER. The time of the gentleman from Mississippi has expired.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. SHAFER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

#### RUSSIAN OIL SHIPMENTS

Mr. SHAFER. Mr. Speaker, I had hoped to be able today to report to the Congress that action had been taken by the Office of International Trade to curtail the present record shipments of oil and other petroleum products from west coast ports to Russia. I regret I cannot make such a report, although I have been informed that studies are now being made relative to this disturbing situation and that some type of action will be taken soon.

For fear that the lethargy displayed by the Office of International Trade may have disastrous results to America, I call upon President Truman to take immediate action, under the powers that he possesses, to stop these shipments immediately. If the President or the Office of International Trade fail to act on this vital matter before tomorrow noon, I propose to introduce a concurrent resolution and ask for its immediate consideration.

When I addressed the House last Friday I stated that, as chairman of an armed services subcommittee responsible for stockpiling of strategic materials, I would conduct hearings to ascertain why oil was being permitted to leave this country in the face of the obvious shortage which confronts us.

Saturday morning representatives of the Office of International Trade of the Department of Commerce, which administers our Export Control Act, appeared before my subcommittee and testified extensively as to the oil shortage and the shipments I have referred to. It was then that the committee was advised that the matter was under study and that action would probably be taken soon. It was my hope that action would be taken over the week-end. This morning I was again informed that the matter is still under study.

Mr. Speaker, I have knowledge that distributors of gasoline and oil in the State of Michigan have been advised by their suppliers that deliveries of gasoline and oil would be greatly curtailed

during the months of July and August. We know that because of the shortage of gasoline the Army aviation training program has to be curtailed, as has the movement of our naval vessels. The situation is becoming so acute that there is a possibility of gasoline rationing and of a lack of fuel oil to heat homes in the Middle West next winter.

I am not at all satisfied, Mr. Speaker, with the replies given to me by representatives of the Office of International Trade and their promise that action will be taken soon. This is a matter that demands immediate attention. The people of the Nation are greatly disturbed. They want to know why we are permitting oil to be shipped in large quantities to a nation that is refusing to cooperate with us and which, we know, is now holding naval maneuvers in the Pacific Ocean and the Bering Sea. The people do not want this Government to repeat the stupid mistake that was made prior to Pearl Harbor when we shipped oil and scrap metal to Japan.

Mr. Speaker, I refuse to permit American oil to be shipped to Russia or any other country when this Nation faces a shortage of that same product. I recognize the political implications involved in what I am demanding this country to do. I recognize the technical difficulties that always arise when controls are placed on a product such as petroleum. I recognize that there are various gasolines with various octanes and I am fully aware of the fact that the by-products of petroleum must also be considered. However, for once in our lives, let this country lock the door before the horse is stolen.

#### EXTENSION OF REMARKS

Mr. BOGGS of Louisiana asked and was given permission to extend his remarks in the Record and include editorial comment.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. MILLER of Nebraska. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

#### OIL EXPLORATION

Mr. MILLER of Nebraska. Mr. Speaker, while I share in the apprehension of the gentleman from Michigan [Mr. SHAFER] about the oil reserves in this country, I, too, believe that we should carefully review the shipments of oil now going to Russia. If they are as reported they should be stopped or greatly restricted. I call the attention of the House to the fact that this morning the Committee on Public Lands reported out a resolution which furthers the obtaining of oil from shale as well as from agricultural products in this country. It was brought out in the hearing that there is enough oil in the shale of the United States to last us some 2,000 years at the present rate of using oil. So, I hope when this resolution comes before the House the Members will join in its passage in order to assist in the experimental work not only



Mr. REES. I yield to the gentleman from Tennessee, ranking minority member of my committee, who has given a great amount of study to this problem.

Mr. MURRAY of Tennessee. Is it not true that except for the increase in the salaries of postal employees in 1945 and 1946, there would not be any deficit today? The deficit for the current fiscal year is about \$300,000,000.

Mr. REES. Yes; I think the gentleman has stated the situation correctly.

Mr. MURRAY of Tennessee. The increase in salaries, which was voted by Members on both sides of this House, almost unanimously, amounts to \$351,000,000.

Mr. REES. The statements of the gentleman is correct.

Mr. Speaker, I would like to clarify the situation a little further for the RECORD. The President, in his budget message, called attention to a deficit for this year, in second-, third-, and fourth-class mail matter, and stated he was requesting the Post Office Department to submit rates to wipe out the deficit. The Department came up with recommendations for increases they say would raise approximately \$176,000,000 of that amount.

Our committee, after 2 months of hearings and study of the problem, submitted H. R. 3519 that includes the proposal we have here today, and would, in addition thereto, increase revenues approximately \$110,000,000. In other words, the bill would raise a little more than one-third of the anticipated deficit.

There has been so much misunderstanding with regard to the postal increase bill that I do not want to endanger the emergency provisions contained in this resolution.

The postal bill has not only been misunderstood, but the recommendations of our committee have been subjected to misinterpretations of various kinds. The principal question involved is whether those who use the mail, the big volume for business purposes, should pay a share of the increased cost of the postal service they use, or whether the entire deficit shall be charged to the Federal Treasury.

I believe, when given an opportunity to have this legislation presented, the Members of this House will agree the provisions are fair and reasonable, and that the recommendations of our committee should be approved.

It has been suggested, among other things, that we wait until an investigation of the Post Office Department has been concluded. Certainly there will be a survey and investigation to determine where economies may be made and waste eliminated. We want to know, also, whether there are places where the Department may be made more efficient. We expect to press that matter as promptly and vigorously as can be done. To that, let me say it will take several months. By that time the deficit will have mounted to several hundred million dollars that will be charged to the Federal Treasury.

The bill has been criticized because of increase in rate on fourth-class matter (books, catalogs, and parcel post). I call your attention to the fact that under the present law this class of mail is expected to pay its own way. I have to-

day, addressed a letter to the acting Postmaster General, directing his attention to this matter.

I think it is fair to call attention to the fact too that rates in postal service on some classes of mail have not been changed since 1879, and other classes since 1932. I believe it is the duty of Congress to at least look them over. Certainly no member of our committee, and no one in this House want to provide rates that will penalize or injure anyone using the postal service.

(Mr. REES asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I do not want to enter into any political controversy about this thing or raise any political question. I just want to talk a little sound financial business about it. We have had this bill reported from the Committee on Post Offices and Civil Service for a month or more with an application for a rule from the Rules Committee so that the House might have the question before it and determine the matter. It is inconceivable to me, if we have any idea at all about common sense, that we should sit here and refuse the House the opportunity to decide the question whether we are going to continue to subsidize mail-order-house catalogs, commercial advertisements, and other similar mail at the present huge expense to the taxpayers. That just does not make sense to me.

I was in hopes, and I am sure the gentleman from Pennsylvania who is seeking to interrupt me has been in hopes, that we were going to get some economy in this Congress, that we were going to save some of this money that has been needlessly expended. I cannot think of any more useless and unjustifiable expenditure on the part of the Government than to subsidize mail-order-house catalogs and other advertising matter.

Let us get down to business here and see if we cannot save some of this money. I do not want to talk politics about this but I cannot help it because you gentlemen on the left have been maintaining that you are going to give us economy in Government, you are going to give us a business administration. There is just not any business in spending two or three hundred million dollars a year to subsidize a lot of mail-order catalogs, magazines, and commercial advertising.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Pennsylvania.

Mr. RICH. The gentleman is absolutely correct.

In my opinion, the Congress ought to recognize that fact and it ought to bring a bill in here doing that very thing. But let me say and repeat what I was saying awhile ago, if you raise this \$300,000,000 in postal rates then you will pass a lot of laws because the Post Office Department says every time you do that that they want the money from the Congress because you will raise a lot of wages, and I am against that. I think we ought to stop here some time.

Mr. SMITH of Virginia. The gentleman's party is in power, the gentleman is for economy and you do not have to pass any more laws. I hope that the gentleman from Pennsylvania will cooperate with me in the Rules Committee to at least obtain a hearing for these gentlemen on the Post Office Committee who have worked so hard on the bill, so that it may be submitted to the House. If we are wrong, that is another thing. The House does not have to pass it. But why cannot the House consider a bill that its own committee has worked so hard on, and is calculated to save \$165,000,000?

Mr. RICH. You can count on my help. I shall be with you.

Mr. SMITH of Virginia. I know the gentleman will.

Mr. MURRAY of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Tennessee.

Mr. MURRAY of Tennessee. I am in agreement with the gentleman from Virginia in his views. The Post Office and Civil Service Committee conducted hearings for over a month on this legislation. We worked faithfully on this bill and we have prepared a good bill. It is nonpartisan, it is nonpolitical, and will give us about \$110,000,000 in additional postal revenues. But since the bill was reported, we find certain influences which are preventing a rule being granted on the bill. We find the book lobby, the magazine and other interests fighting to keep us from getting a rule. I sincerely hope that the gentleman from Virginia, with the help of the gentleman from Pennsylvania, will assist us in getting a rule.

I will say to the gentleman from Virginia that our distinguished chairman, the gentleman from Kansas [Mr. REES], the author of this bill, has been most active in sponsoring this legislation.

Mr. REES. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Kansas.

Mr. REES. The thing resolves itself into whether or not you are going to let these people who use the mail for commercial purposes pay at least a part of their own way or whether you are going to charge it to the taxpayers of this country?

Mr. SMITH of Virginia. I am in favor of them paying their own way.

Mr. CHURCH. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Illinois.

Mr. CHURCH. When the special committee investigators find out a number of facts with reference to the business management of the Postal Department, it will be able to make some recommendations that will save a lot of money as an economic matter. I have great faith in what the committee can bring forth.

Mr. SMITH of Virginia. But it will not save this money that you are giving to the mail order houses and the other advertisers through the deficit they are creating. They are not paying as much in postal rates as it costs the Government to send the stuff through the mails, and



there is no excuse for that sort of business.

The SPEAKER. The time of the gentleman from Virginia has expired.

Mr. MURRAY of Tennessee. Mr. Speaker, I move to strike out the last three words.

Mr. Speaker, I am heartily in favor of the enactment of the resolution sponsored by the gentleman from Kansas, [Mr. REES], the chairman of our committee. This resolution has the unanimous approval of our committee. It is absolutely essential legislation at this time. If this resolution is not adopted prior to July 1, the Post Office Department will suffer a loss of revenue of around \$200,000,000 per year. I hope that after the resolution is adopted that then the Committee on Rules will give us a rule on the omnibus bill providing an increase in various postal rates.

Mr. BREHM. Mr. Speaker, I move to strike out the last four words.

Mr. Speaker, I am not in favor of subsidizing mail-order house catalogs or large magazine units, but I do think it should be pointed out here that the omnibus bill which has been discussed, also covers schoolbooks and certain library books, and that if this omnibus bill does come forward I trust that it will eliminate those essential library and schoolbooks and services which are included in the omnibus bill and deal separately with your large mail-order catalog houses and your other magazine publishers. These concerns which operate for profit should certainly be dealt with on a different basis than those schools and institutions which are being operated as nonprofit organizations, in an attempt to render only service.

Mr. ALMOND. Mr. Speaker, I move to strike out the last five words.

Mr. Speaker, as the distinguished chairman of the Committee on the Post Office and Civil Service has pointed out, the joint resolution now before the House is absolutely necessary in order to keep in full force and effect the rates on first-class mail, otherwise they will expire on June 30th of this year and revert to the old rate. If that should happen, the deficit of the Post Office Department will greatly increase.

I want to say in response to some of the remarks made by my colleague, the gentleman from Virginia, that the Committee on the Post Office and Civil Service under the able leadership of the distinguished gentleman from Kansas [Mr. REES] has for many weeks conducted exhaustive, full, and painstaking hearings on the subject of the deficit in the Post Office Department. We find that the estimated deficit will approximate \$287,000,000 at the end of this fiscal year. To my amazement, as a new Member of that committee, it has been called to my attention that for the last 100 years in the history of the Post Office Department, both under Republican and Democratic Administrations, in only 17 years out of those 100 has that department failed to show a deficit. In other words, it has shown a deficit for 83 years out of the last 100 years.

I should like to see the bill which is pending before the Committee on Rules

reported out for action by the House, because there are some industries, some businesses, which are being subsidized by the Federal Government. I think the Congress should do something about it. As the chairman has pointed out, the Post Office recommended certain increases in rates in all classes of the postal service. If we could have seen our way clear to adopt the proposals of the Post Office Department, they would have raised approximately \$176,000,000 to offset in part the \$287,000,000 deficit. The bill we have worked on studiously and earnestly would increase the rates by about \$110,000,000.

Mr. SPRINGER. Mr. Speaker, will the gentleman yield?

Mr. ALMOND. I yield to the gentleman from Indiana.

Mr. SPRINGER. As I understand, this measure will make permanent the present 3-cent rate on first-class mail?

Mr. ALMOND. That is the purpose and desire, as I understand it.

Mr. SPRINGER. I also understand that that is made necessary by reason of the very large deficit which has resulted throughout many years during the last 100 years?

Mr. ALMOND. The gentleman is correct.

The SPEAKER. The time of the gentleman from Virginia has expired.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 110. An act to amend the Interstate Commerce Act with respect to certain agreements between carriers; to the Committee on Interstate and Foreign Commerce.

#### ADJOURNMENT

Mr. TABER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 37 minutes p. m.) the House adjourned until tomorrow, Tuesday, June 24, 1947, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

825. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated December 16, 1946, submitting a report, together with accompanying papers, on a preliminary examination of Ipswich River, Plum Island Sound, and Fox Creek, Mass., authorized by the River and Harbor Act approved on March 2, 1945; to the Committee on Public Works.

826. A communication from the President of the United States, transmitting changes in the deficiency estimates of appropriation for the fiscal years 1944 and 1945 for the Navy Department and Naval Establishment (H. Doc. No. 341); to the Committee on Appropriations and ordered to be printed.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LECOMPTE: Committee on House Administration. House Concurrent Resolution 40. Concurrent resolution authorizing the Committee on Un-American Activities to have printed for its use additional copies of House Report 209, Eightieth Congress, first session; without amendment (Rept. No. 633). Referred to the House Calendar.

Mr. LECOMPTE: Committee on House Administration. House Concurrent Resolution 39. Concurrent resolution authorizing the Committee on Un-American Activities to have printed for its use additional copies of the hearing held on February 6, 1947; with an amendment (Rept. No. 634). Referred to the House Calendar.

Mr. LECOMPTE: Committee on House Administration. House Resolution 186. Resolution authorizing the Committee on Ways and Means of the House of Representatives to have printed for its use additional copies of the hearings held before said committee during the current session relative to reciprocal trade agreements; without amendment (Rept. No. 635). Referred to the House Calendar.

Mr. LECOMPTE: Committee on House Administration. House Resolution 241. Resolution providing for the printing, as a House document, the "History of the Committee on the Judiciary"; without amendment (Rept. No. 636). Referred to the House Calendar.

Mr. LECOMPTE: Committee on House Administration. House Concurrent Resolution 35. Concurrent resolution providing for the printing of additional copies of House Report No. 541, Seventy-ninth Congress; House Report No. 1205, Seventy-ninth Congress; and House Report No. 2729, Seventy-ninth Congress; without amendment (Rept. No. 637). Referred to the House Calendar.

Mr. BISHOP: Committee on House Administration. Senate Joint Resolution 113. Joint resolution authorizing the erection in the District of Columbia of a memorial to the Marine Corps dead of all wars; without amendment (Rept. No. 638). Referred to the Committee of the Whole House on the State of the Union.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 252. Resolution providing for consideration of H. R. 3916, a bill to amend the Reconstruction Finance Corporation Act, as amended, and to extend the succession and certain lending powers and functions of the Reconstruction Finance Corporation, and for other purposes; without amendment (Rept. No. 639). Referred to the House Calendar.

Mr. SHORT: Committee on Armed Services. H. R. 3830. A bill to provide for the promotion and elimination of officers of the Army, Navy, and Marine Corps, and for other purposes; without amendment (Rept. No. 640). Referred to the Committee of the Whole House on the State of the Union.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BULWINKLE:

H. R. 3934. A bill to amend the Public Health Service Act with respect to venereal-disease rapid-treatment centers, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. STEVENSON:

H. R. 3935. A bill to provide for the carrying of mail on star routes, and for other







# CONGRESSIONAL PROCEEDINGS

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
Division of Legislative Reports  
(For Department staff only)

Issued June 25, 1947  
For actions of June 24, 1947  
80th-1st, No. 120

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HIGHLIGHTS: House sent deficiency appropriation bill to President. House passed foreign information and educational exchange and RFC extension bills. House committee reported bill to continue certain war powers. Senate passed measure ending certain war and emergency powers. Senate committees approved bill to transfer Remount Service to USDA, measure to consolidate all general appropriation bills, and reported bill to establish Commission on Organization in Executive Branch. Bills introduced authorizing sale of CCC-owned peanuts and giving veterans priority for surplus farm lands.

### HOUSE

1. FOREIGN AFFAIRS. Passed, 272-97, the foreign information and educational exchange bill (pp. 7765-74). For its provisions see Digest 109.

2. SECOND URGENT DEFICIENCY APPROPRIATION BILL, 1947. Agreed to the Senate amendments to this bill, H. R. 3791 (pp. 7763-4). This bill will now be sent to the President.

As finally passed, the bill includes the following items: Foot-and-mouth disease campaign, \$1,500,000 additional, fiscal year 1947. Authorizes construction, from 1947 funds, of 4 buildings at the New Iberia Livestock Experiment Station, La., to replace buildings destroyed by storm. Provides that the limitation in the 1947 Agricultural Appropriation Act on the amount to be used for construction of a building for investigations of pneumoencephalitis in poultry be increased from \$30,000 to \$55,000. Ratifies and confirms all obligations incurred between June 30, 1947, and the date of enactment of the applicable appropriation acts as may not be enacted by July 1, 1947, in anticipation of such appropriations and authority if in accordance with the terms thereof. Provides that, where employees are separated through reduction in force during July 1947 and were given separation notices during the fiscal year 1947, the lump-sum terminal-leave payments may be charged against unobligated 1947 appropriations from which such employees were paid. Emergency flood-control work by the War Department, \$12,000,000.

3. RECONSTRUCTION FINANCE CORPORATION. Passed, 334-4, H. R. 3916, to continue RFC but limit its powers (pp. 7776-91) as reported. Then passed S. J. Res. 135 with the language of the House bill; the House bill was then laid on the table (pp. 7791-2).

The Senate measure would provide for a simple continuation of RFC until June 30, 1948, by which time a Federal charter must be acted upon pursuant to the Government Corporations Control Act.



The House bill extends RFC through June 30, 1949; reduces its borrowing power to \$2,000,000,000; abolishes the Federal Loan Agency; authorizes RFC to make priority purchases of surplus property for resale to small business; terminates RFC's authority to purchase loans guaranteed under the Servicemen's Readjustment Act; provides for transfer to Treasury of all rights and interests of RFC in loans previously made by RFC for rural rehabilitation, farm tenancy, or rural electrification, and cancellation of Treasury-held RFC notes for such amounts, and prohibits RFC from making such loans in the future. The Committee report says "the committee is in full accord" with the provisions in the agricultural appropriation bill regarding REA loans from RFC.

4. **WAR POWERS; CLAIMS.** The Judiciary Committee ordered reported\* with amendments H. R. 3647, to extend certain powers under the Second War Powers Act (including priorities, allocations, and export controls), and H. R. 3690, to amend the Federal Tort Claims Act to provide for payment of punitive damages in certain cases (p. D430).  
\*Copies not available until actually reported, when this Digest will carry a note to that effect. (P. S. H.R. 3647 later reported - p. 7795.)
5. **ASSISTANT SECRETARY OF COMMERCE.** The Interstate and Foreign Commerce Committee reported without amendment H. R. 3855, to provide for an additional Assistant Secretary of Commerce (H. Rept. 642) (p. 7795).
6. **FUEL DEMONSTRATION.** The Public Lands Committee reported with amendment H. R. 2161, to authorize an increase in appropriations, and extend the time of operation, for demonstration plants to produce synthetic liquid fuels from minerals and agricultural and forestry products (H. Rept. 675) (p. 7795).
7. **FORESTS.** The Public Lands Committee reported with amendment H. R. 3175, to add certain lands to the Shasta National Forest, Calif. (H. Rept. 680) (p. 7795).
8. **APPROPRIATIONS.** Received from the President a supplemental appropriation estimate of \$400,000,000 for assistance to Greece and Turkey (H. Doc. 344); \$15,405.48 for War Department claims (H. Doc. 351); \$44,496.30 for judgments rendered against the U.S. by district courts (H. Doc. 352); \$51,447,842.71 for claims allowed by the GAO (H. Doc. 356); \$382,494.38 for judgments rendered by the Court of Claims (H. Doc. 362); various amounts submitted by several U.S. agencies to pay claims for damages to or losses of privately owned property (H. Doc. 357); and a proposed provision relating to judgments rendered against the U.S. (H. Doc. 358). To Appropriations Committee. (p. 7794.)
9. **REPORTS.** Received the 20th Report of the Office of Price Administration for the period ended Dec. 31, 1946 (H. Doc. 343); and RFC's report of operations for the period Feb. 2, 1932, to Sept. 30, 1946. To Banking and Currency Committee. (p. 7794.)
10. **SUGAR.** The House Agriculture Committee is considering a "committee print" of a bill which provides as follows: Reenacts the Sugar Act of 1937 with changes; extends the termination date from Dec. 31, 1947, to Dec. 31, 1952, and extends the sugar tax to July 1, 1953. Changes the method of estimating each year the quantity of sugar needed to meet consumer requirements in continental U.S. Establishes quotas for domestic areas in specific amounts and, after apportionment of a quota of 952,000 short tons to the Philippines, apportions the remainder of the consumption estimate to foreign countries. Guarantees for Cuba a minimum quota, after reallocation of deficits, equivalent to the share provided for Cuba in the Act. Authorizes the Secretary to withhold or withdraw any quota increase for any foreign country over that provided for such country under the Act if



be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. OWENS asked and was given permission to revise and extend the remarks previously made in the committee on the bill H. R. 3342 and include excerpts from Washington's Farewell Address.

Mr. SIMPSON of Illinois asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial.

Mr. BENDER asked and was given permission to extend his remarks in the RECORD in seven instances and to include seven different articles.

Mr. BREHM asked and was given permission to revise and extend the remarks he made in the Committee of the Whole today.

Mr. HARLESS of Arizona asked and was given permission to extend his remarks in the Appendix of the RECORD.

Mr. KEFAUVER (at the request of Mr. PRIEST) was given permission to extend his remarks in the RECORD and include two editorials.

Mr. SPENCE asked and was given permission to revise and extend the remarks he will make in the debate on the extension of RFC and include a letter from John D. Goodloe, Chairman of the Board.

Mr. LEA asked and was given permission to extend his remarks in the RECORD on two subjects, in one to include an editorial and in the other a decision of the Supreme Court.

Mr. LARCADE. Mr. Speaker, the gentleman from Louisiana [Mr. MORRISON] asked and was given permission to extend his remarks in the RECORD, but has been informed by the Public Printer that the extension will exceed two pages of the Record and will cost \$355. I ask unanimous consent that the gentleman from Louisiana [Mr. MORRISON] may have permission to extend these remarks notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. MADDEN asked and was given permission to extend his remarks in the RECORD and include a report on the subject of immigration.

Mr. EBERHARTER asked and was given permission to extend his remarks in the Appendix of the RECORD and include four editorials on the subject of the wool bill and one editorial on the subject of the tax bill.

Mr. SMATHERS asked and was given permission to extend his remarks in the Appendix of the RECORD and include a poem.

#### LEAVE OF ABSENCE

Mr. HOEVEN. Mr. Speaker, I ask unanimous consent that the gentleman from Iowa [Mr. DOLLIVER] may be excused today on account of business.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

#### EXTENSION OF REMARKS

Mr. JOHNSON of Texas asked and was given permission to extend his remarks in the RECORD and include an editorial appearing in the New York Times.

Mrs. ROGERS of Massachusetts asked and was given permission to extend her remarks in the RECORD and include three newspaper articles.

#### ANNOUNCEMENT

Mr. HOLIFIELD. Mr. Speaker, I was unavoidably detained on the roll call just had on the United States Information and Educational Exchange Act of 1947. Had I been present I would have voted "aye."

Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOLIFIELD. Mr. Speaker, due to the fact that I was detained unavoidably, I arrived on the floor 3 minutes after the conclusion of the roll call on H. R. 3342, the so-called Voice of America bill. Had I been present, I would have voted "aye."

#### NATIONAL DEFENSE ACT

Mr. ANDREWS of New York submitted the following conference report and statement on the bill H. R. 3303, an act to stimulate voluntary enlistments in the Regular Military Establishment of the United States:

#### CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 3303) to stimulate volunteer enlistments in the Regular Military Establishment of the United States, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

"That effective July 1, 1947, the Secretary of War is authorized, notwithstanding the provisions of the last paragraph of section 127a of this Act, to accept original enlistments in the Regular Army from among qualified male persons not less than seventeen years of age for periods of two, three, four, five, or six years, and to accept reenlistments for periods of three, four, five, or six years: *Provided*, That persons of the first three enlisted grades may be reenlisted for unspecified periods of time on a career basis under such regulations as the Secretary of War may prescribe: *Provided further*, That anyone who serves three or more years of an enlistment for an unspecified period of time may submit to the Secretary of War his resignation and such resignation shall be accepted by the Secretary of War and such person shall be discharged from his enlistment within three months of the submission of such resignation. Except if such person, other than an enlisted member of a Regular Army Puerto Rican unit submits his resignation while stationed overseas or after embarking for an overseas station, the

Secretary of War shall not be required to accept such resignation until a total of two years of overseas service shall have been completed in the current overseas assignment, and in the case of anyone who has completed any course of instruction pursuant to paragraph 13 of section 127a of the National Defense Act, as amended (10 U. S. C. 535), or pursuant to section 2 of the act of April 3, 1939 (53 Stat. 556), as amended (10 U. S. C. 298a), the Secretary of War shall not be required to accept such resignation until two years subsequent to the completion of such course. The Secretary of War may refuse to accept any such resignation in time of war or national emergency declared by the President or Congress, or while the person concerned is absent without leave or serving a sentence of court martial. The Secretary of War may refuse to accept a resignation for a period not to exceed six months following the submission thereof if the enlisted person is under investigation or in default with respect to public property or public funds: *Provided further*, That no person under the age of eighteen years shall be enlisted without the written consent of his parents or guardian, and the Secretary of War shall, upon the application of the parents or guardian of any such person enlisted without their written consent, discharge such person from the military service with pay and with the form of discharge certificate to which the service of such person, after enlistment, shall entitle him: *Provided further*, That nothing contained in this act shall be construed to deprive any person of any right to reenlistment in the Regular Army under any other provision of law. No person who is serving under an enlistment contracted on or after June 1, 1945, shall be entitled, before the expiration of the period of such enlistment, to enlist for an enlistment period which will expire before the expiration of the enlistment period for which he is so serving: *Provided further*, That any enlisted person discharged from the Regular Army who upon such discharge is recommended for reenlistment shall be permitted to reenlist with the rank held by him at the time of his discharge if he reenlists within a period to be specified by the Secretary of War but not to exceed three months from the date of such discharge: *And provided further*, That any enlisted person discharged from the Regular Army by reason of acceptance of his resignation shall not be entitled upon subsequent reenlistment to the rank, rating, or grade held at the time of discharge.

"Sec. 2. Any person who enlists or reenlists in the Regular Military Establishment on or after June 1, 1945, in the seventh grade, upon the completion of recruit training, but not later than four months subsequent to the date of enlistment, shall, unless sooner promoted, be promoted to the sixth grade, provided he meets such qualifications as may be prescribed in regulations promulgated by the Secretary of War: *Provided*, That no back pay or allowance shall accrue to any person by reason of enactment of this section.

"Sec. 3. Section 2 of the National Defense Act, as amended (10 U. S. C. 4, 602), is further amended by deleting the last sentence thereof.

"Sec. 4. Paragraph 4 of section 10 of the Pay Readjustment Act of 1942 is hereby amended by substituting a colon for the period at the end of such paragraph and by adding immediately after such colon the following: *Provided further*, That in addition to such enlistment allowance, any person enlisting for an unspecified period of time shall be paid the sum of \$50 upon the completion of each year of service of such reenlistment, and any person who resigns or is discharged from such enlistment for an unspecified period of time shall not thereafter be entitled



to any additional enlistment or reenlistment allowance based on any period served in such enlistment for an unspecified period of time."

"Sec. 5. Effective July 1, 1947, sections 653 and 653a of title 10, United States Code, are repealed and all other laws and parts of laws insofar as they are inconsistent with or in conflict with the provisions of this Act are likewise repealed.

"Sec. 6. Subsection 1 (b) of the Mustering-Out Payment Act of 1944 (38 U. S. C., Supp. V., 691a) is amended by striking out the word 'and' at the end of subsection (7) thereof, inserting a semicolon in lieu of the period after subsection (8) thereof, and adding the following 'and (9) any person entering upon active service, or enlisting, on or after the first day of the first month after the approval of the Act adding this subsection.'

"Sec. 7. Sections 57 and 58 of the National Defense Act, as amended, are further amended by striking out the words 'eighteen' therefrom and substituting therefor the words 'seventeen' in each of the said sections."

And the Senate agree to the same.

W. G. ANDREWS,  
LESLIE C. ARENDS,  
DEWEY SHORT,  
CARL VINSON,  
P. H. DREWRY,

*Managers on the Part of the House.*

CHAN GURNEY,  
STYLES BRIDGES,  
E. V. ROBERTSON,  
MILLARD E. TYDINGS,  
RICHARD B. RUSSELL,

*Managers on the Part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3303) to stimulate volunteer enlistments in the Regular Military Establishment of the United States, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to the amendment, namely:

The Senate amendment was to strike out all of the House bill after the enacting clause and to insert thereafter the provisions of the Senate bill. The managers on the part of the House receded from disagreement to the Senate amendment, with an amendment whereby section 3 of the bill as passed by the House and stricken by the Senate was reinstated. In accepting the Senate amendment, the managers on the part of the House thereby concurred also in the addition of a new section to the bill whereby mustering-out payments are denied to persons entering upon active service, or enlisting, on or after the first day of the first month after the enactment of the bill.

WALTER G. ANDREWS,  
DEWEY SHORT,  
LESLIE ARENDS,  
CARL VINSON,  
PATRICK DREWRY,

*Managers on the Part of the House.*

#### WAR POWERS ACT

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary have until midnight tonight to file a report on the bill H. R. 3647.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

#### BANKRUPTCY ACT

Mr. REED of Illinois. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill H. R. 3769, an act

to amend the Bankruptcy Act with respect to qualifications of part-time referees in bankruptcy, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Line 7, after "and", insert "retired."

Line 7, strike out "men" and insert "personnel."

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

#### RECONSTRUCTION FINANCE CORPORATION ACT

Mr. ALLEN of Illinois. Mr. Speaker, I call up House Resolution 252 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3916) to amend the Reconstruction Finance Corporation Act, as amended, and to extend the succession and certain lending powers and functions of the Reconstruction Finance Corporation, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. ALLEN of Illinois. Mr. Speaker, I shall later yield 30 minutes to the gentleman from Virginia [Mr. SMITH]. I yield myself such time as I may desire.

Mr. Speaker, this rule provides 2 hours of general debate and waives points of order against H. R. 3916, a bill to amend the Reconstruction Finance Corporation Act, as amended, and to extend the succession and certain lending powers and functions of the Reconstruction Finance Corporation.

There is only one reason for waiver of points of order in this resolution, and that arises in connection with the Ramseyer rule.

The Banking and Currency Committee's report on the bill complies with the Ramseyer rule so far as is practical. Sections of the existing RFC law which are altered by this bill appear in the left column of the report. Changes in these sections, proposed in this bill, appear in the column on the right side of the same page. This arrangement complies with the intent of the Ramseyer rule. To comply with the letter of the rule, however, the whole law setting up RFC would have to be included in the report.

In general, this bill extends the life of the Reconstruction Finance Corporation for 2 years, but eliminates many of the agency's emergency wartime powers and functions. At present, RFC and its subsidiaries have lending authority of about \$18,000,000,000. This bill reduces that authority to \$2,000,000,000, and provides for the orderly liquidation of outstanding loans in excess of \$2,000,000,000. Other functions which RFC carried on in competition with private lending agencies, have also been eliminated in this bill. I will leave further explanation of the bill to the members of the Committee on Banking and Currency, who have had the measure under consideration for some time.

This bill has the support of both parties, so I think this resolution will meet little opposition.

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Nebraska.

Mr. MILLER of Nebraska. Will the gentleman tell me whether the bill will permit the Reconstruction Finance Corporation to lend to properly organized irrigation districts where they desire to get a loan to promote irrigation?

Mr. ALLEN of Illinois. It will permit them to do so.

Mr. SMITH of Virginia. Mr. Speaker, I yield myself such time as I may consume, and ask unanimous consent to proceed out of order.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. SMITH of Virginia. Mr. Speaker, this rule has, I think, the unanimous approval of both the Rules Committee and the Committee on Banking and Currency. As far as I know, there is no objection to the rule and no opposition to the bill, which continues the Reconstruction Finance Corporation under limited conditions for a period of 2 years. So I hope the rule will be adopted and the bill will be passed.

Mr. Speaker, I want to speak to the House just a few minutes this morning on a question that I think is going to give us serious trouble in the field of labor. I am afraid the impression has gone out to the country that the Taft-Hartley bill is going to stop all strikes and cure all the evils the country has suffered from labor union abuses in late years. The most vital thing to the American people is the continuous operation of its utilities and vital industries. That bill, in the compromise form in which it was finally adopted, does not take care of that situation.

We are confronted in the next 10 days with a Nation-wide coal strike; in fact, negotiations for a new contract have already broken off. You know the policy of the United Mine Workers—no contract, no work. There is a very slim prospect that a new contract will be arrived at before the time the contract expires.

If this happens, you are going to have a repetition of the thing that brought about the seizure of the coal mines and their operation by the Government, and there is every indication that it is going



to happen. All that can be done under the Taft-Hartley bill is that the Government may seek an injunction and have an investigation made covering a period of 60 days, after which there must be an election to determine whether the workers are willing to accept the final offer of the employer. That will consume a further 15 days, and at the end of 5 days thereafter that injunction must be dissolved. So that at the end of 80 days from the time the strike begins all Government opportunity to stop a strike in the coal industry is at an end, as far as existing law is concerned, because the seizure provision of the Connally-Smith Act and all other provisions of that act will expire on the 1st of July.

It seems to me before Congress adjourns we ought to do something to give the President some power in that situation in case we are confronted when Congress is not in session with that kind of national disaster.

I am, therefore, introducing today a bill to extend the seizure provisions of the Connally-Smith Act for a period of 1 year longer so that if that calamity occurs, the President will at least have some power of seizure and operation of the mines so that we will not be confronted with another cessation of the mining of coal right on the verge of winter.

It seems to me, and I am very serious about it and very much disturbed about it, that we ought to do something so as to be able to avoid that sort of national catastrophe.

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. MILLER of Nebraska. Does not the gentleman feel that the bill provides for a renewal of the injunction after 80 days if in the opinion of the Attorney General and the President that is necessary?

Mr. SMITH of Virginia. No, sir; it very directly does not.

Mr. MACKINNON. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I am very glad to yield to the gentleman.

Mr. MACKINNON. What you are proposing in substance is that the President be given stricter powers with respect to coal miners than he wanted with respect to any other laboring people in the country—is not that the essence of it?

Mr. SMITH of Virginia. I did not take the floor to get into a controversy about the President's views. The views of the President and mine happen to differ, but I respect his views. I think he acted in good faith upon such advice as he had, but I think that he had bad advice, if you want my opinion.

We are confronted now with a condition that has nothing to do with politics, but does have to do with the safety of the American people. It is not confined to coal mines. It refers to any vital industry, and it does extend the power of the President to seize in case of such a calamity for a period of 1 year from the expiration of the act.

Mr. MACKINNON. I was interested in that, if the gentleman will yield further, because I was wondering whether you were construing the President's veto mes-

sage to evidence a desire for stricter laws with respect to coal miners and weaker laws for other workers.

Mr. SMITH of Virginia. No, sir; I was not reading anything into the President's message or into the President's mind. I was not referring to that.

The bill which I propose is not confined to the coal-mining industry. I mentioned that particular industry, however, because we are confronted with an emergency in that industry at this time and it is upon the Congress at this time.

I yield to the gentleman from Illinois [Mr. OWENS].

Mr. OWENS. The gentleman knows that the committee was not desirous of having the Government seize control. When I say the committee, I mean the Committee on Education and Labor. Will the gentleman say what portion of the bill says that the Attorney General cannot go in a second time for an injunction?

Mr. SMITH of Virginia. I do not think that is the question involved. I think we only have such powers of going in for an injunction as the bill grants, and when the bill says that you may do such-and-such and does not say that you must not do something else, I believe we only have the power that the bill grants. I do not think that after this injunctive procedure is exhausted you have the right to start all over again and do it again. I wish it did. If it did, I do not think it would be necessary to extend the provisions of the Smith-Connally Act.

Mr. OWENS. I may say to the gentleman that it was never intended to stop. It was intended that he could go in two or three times if necessary for the safety and health of the Nation.

Mr. SMITH of Virginia. I do not put that construction on the bill.

Mr. MACKINNON. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I am glad to yield to the gentleman.

Mr. MACKINNON. I agree with the gentleman that the language does not permit repetitious injunctions. I do not feel that one can place such construction on the language in the law; otherwise, the 60-day limitation would have been useless.

Mr. SMITH of Virginia. Yes; I agree with your construction of the language of the bill.

Mr. FOLGER. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from North Carolina.

Mr. FOLGER. I wish to state that I voted against overriding the President's veto. I have received telegrams and letters both commending my course and in criticism of it. To those who commended me, I made the reply that I did vote against it, but that since it is now the law of the land it is the duty of every citizen in this country to give that law a fair trial to work.

Mr. SMITH of Virginia. I think that is a very fine position to take.

Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

(Mr. McCORMACK asked and was given permission to revise and extend his remarks.)

Mr. McCORMACK. Mr. Speaker, the gentleman from Virginia [Mr. SMITH], calls to the attention of the House and of the country the inadequacy of the bill which became law yesterday by both branches of the Congress passing it over the veto of the President. I think the gentleman's position is confirmed by the chairman of the Committee on Labor and Education of the House of Representatives, the gentleman from New Jersey [Mr. HARTLEY], if he is quoted correctly in the press today. I have before me a copy of the Washington News which says:

"New bill's coauthor doubts it can halt a Lewis walk-out."

And he goes on to explain why he doubts that it can halt a coal strike if Mr. Lewis decides there shall be one in the near future.

Mr. MACKINNON. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. Yes.

Mr. MACKINNON. Do you now advocate that we pass a law to make it possible for the Government to halt a strike by an injunction?

Mr. McCORMACK. Do I advocate that?

Mr. MACKINNON. Yes.

Mr. McCORMACK. Well, I certainly join with the gentleman from Virginia in his suggestion that the present powers be extended for one year, that is that some authority exist temporarily at least to meet an emergency, if one arises, and in protection of the public interest. Now, of course, the gentleman voted to override the President's veto and I have a few observations to make.

We find this bill—this omnibus labor bill—becoming a law yesterday, and immediately the American people are made acquainted with the fact that it is inadequate to meet a situation of primary concern to the entire country. Coal is the life of a nation. Coal is the life of a people. No nation can get along without coal. Its industrial life is definitely connected with coal, and the best order and the decent living and the sanitary conditions of every individual is connected with the production of coal. It is a matter of primary importance that the American public this winter not be disturbed by the harmful results of another stoppage of coal production. It is an amazing situation and the people of the country can now realize it. We who had followed the legislation knew it. The very proponents of the bill—the partisan proponents—were aware of the situation, and for some reason or other they ducked the issue in relation to coal. I am wondering whether it is because John L. Lewis is one of the outstanding Republicans of the country.

The SPEAKER. The time of the gentleman from Massachusetts has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. BREHM].

Mr. BREHM. Mr. Speaker, not a single member of the House Committee on Labor was so naive as to believe that the bill recently passed would settle or



solve strikes dealing with national health, safety, or welfare; we never claimed that at all. The fact I have stated on several occasions that it would not. However, we had only two alternatives from which to choose: (1) to try mediation and conciliation for a period of 60 days during which we hoped tempers would cool and some equitable solution of the problem might be arrived at; and, (2) compulsory arbitration. The President very vehemently said he objected to compulsory arbitration, and so do many of us who know that it is a fore-runner of conditions which we are trying to avoid.

Now, I ask the gentleman from Massachusetts or any other Member present to give us any alternative to the cooling-off period during which we might try to settle differences, other than compulsory arbitration? Surely we should not be condemned for trying to solve the problem of strikes which tend to destroy our economy. That is all the labor bill attempted to do.

Mr. MACKINNON. Mr. Speaker, will the gentleman yield?

Mr. BREHM. I yield.

Mr. MACKINNON. The answer proposed by the gentleman from Massachusetts very obviously is a continuation of Government operation which denies both the miners and the owners any freedom and subjects both groups to complete dictation by the President. It seems very odd to me that the same people who a short time ago fought a mild labor bill on the grounds that it was too drastic now complain that it is not strong enough with respect to the coal miners. The gentleman from Virginia, however, is not of that group that opposed any changes in our labor laws.

Mr. ALLEN of Illinois. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to. A motion to reconsider was laid on the table.

Mr. WOLCOTT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3916) to amend the Reconstruction Finance Corporation Act, as amended, and to extend the succession and certain lending powers and functions of the Reconstruction Finance Corporation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 3916, with Mr. HARNESS of Indiana in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. WOLCOTT. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, the bill which we have under consideration, H. R. 3916, extends the life of the Reconstruction Finance Corporation for 2 years. The Reconstruction Finance Corporation was set up in 1932 to make available credits which were not at that time available from banks or other financing institutions. Frequently we have extended its powers so that at the present time it has authority to make loans of somewhere

between fourteen and eighteen billion dollars. It might seem rather peculiar to some that I say "somewhere between fourteen and eighteen billion dollars." That there is some uncertainty as to its authority is not the fault of anyone, but is due to the fact that the Congress on several occasions has authorized certain unspecified amounts for specific purposes, then has authorized the money to be raised for these purposes through the Reconstruction Finance Corporation and has authorized the Reconstruction Finance Corporation to issue its bonds, notes, and debentures in sufficient amounts to make available enough money to do the job. So if there is any uncertainty in respect to the authority of the Reconstruction Finance Corporation it is as much the fault of the Congress as anyone else. That is purely academic, however, because in this bill we rewrite the Reconstruction Finance Corporation Act. You will find in this bill all of the authority which RFC will have from the date of its enactment and you will find that authority almost wholly contained in section 4 of title I. The functions and powers which are not authorized under section 4, generally speaking, are not continued.

As I have said, the RFC can now make loans up to somewhere over \$14,000,000,000, but if this bill is enacted the new business of RFC is restricted to \$2,000,000,000. So, for the purposes of administering section 4, we give them \$2,000,000,000.

At present RFC has outstanding about \$9,000,000,000. Generally speaking, the effect of this bill is to compel a liquidation of outstanding loans and commitments so that eventually when the liquidation of the outstanding commitments and loans is completed, the Reconstruction Finance Corporation will be operating as a \$2,000,000,000 Corporation instead of a possible \$18,000,000,000 Corporation.

We in the committee take particular pride in the job which we have done in respect to this bill. I might say that the compilation of Reconstruction Finance Corporation acts as published contains something over 260 pages, and we have boiled those 260 pages down into a 21-page bill, virtually into a 15-page bill, because title II starting on page 15 and running through page 21, contains matters that do not affect the future operating power of the Corporation materially.

Up to the present time the RFC has had the authority to invest in preferred stock of banks. They no longer will have that authority.

Up to the present time the RFC has had authority to buy the obligations of the Federal Government and buy the notes, bonds, and debentures of any other agency of the Government. They no longer will have that authority.

RFC has had the authority to buy the direct obligations of States, counties, and municipalities for local government purposes. They will no longer have that authority, but will continue to have the authority to invest in or make loans to what are called proprietary functions of the States, counties, and municipalities.

Now, proprietary functions of the States, counties, and municipalities are functions which are not directly essential to the preservation of the governments. Examples of such functions are harbor authorities, highway authorities, airport authorities, bridge authorities, drainage districts, irrigation districts, housing authorities, and all other authorities and functions which do not have primarily to do with the functioning of the governments. That is distinguished from the building of city halls, statehouses, institutions, office buildings, and so forth, incident to the maintenance of the government itself.

In respect to the latter, the Reconstruction Finance Corporation cannot make a loan. In respect to the proprietary functions they can buy the obligations of and make loans to local authorities in that field.

We continue the authority of the Reconstruction Finance Corporation to make available \$25,000,000 for disaster loans.

We lay down some general policies. We have said in section 4 that the Corporation may aid in financing agriculture, commerce, and industry, may help in maintaining the economic stability of the country, and may assist in promoting maximum employment and production, but it must function within the limitations we have provided. The limitations are found in section 4, and there are three of them. They may purchase the obligations of and make loans to any business enterprise organized or operating under the laws of any State or the United States, and they may participate in the making of such loans. They may make loans to financial institutions and may participate in the making of loans by financial institutions. As I have said before, they may acquire the obligations of municipalities, political subdivisions or States, public agencies and instrumentalities of one or more States and municipalities, and public corporations, boards, and commissions for their proprietary functions.

They may also make loans to railroads, but if the Corporation makes a loan to a railroad it must be with the approval of the Interstate Commerce Commission. It may make loans to air carriers and for the development of aviation, but when a loan is made for that purpose it must have the approval of the Civil Aeronautics Board.

Mr. PLOESER. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Missouri.

Mr. PLOESER. Are they permitted to issue partial or total financial guarantees to the banks for credits extended by the banks?

Mr. WOLCOTT. The gentleman means a blanket participation?

Mr. PLOESER. Yes.

Mr. WOLCOTT. No, they are not allowed to continue the practice of indulging in blanket participation. The practice of blanket participation has grown up through the last 2 years, and the Reconstruction Finance Corporation has about \$400,000,000 of blanket participations. Briefly, that is the practice where a bank is given a line of credit



for, we will say, \$100,000. If that bank makes up to \$100,000 of loans, all of those loans may be blanketed under the RFC guaranty. The Reconstruction Finance Corporation never sees the loan. It is an additional guaranty, which we did not think was necessary. The practice has grown from nothing to about \$400,000,000, almost two-fifths of the outstanding loans of the Reconstruction Finance Corporation, over a 2-year period.

I might say also because of the controversy which I know has been suggested to some of you that under the language of the bill the Reconstruction Finance Corporation will no longer provide a secondary market for real-estate paper, including the purchase of loans made by financial institutions under the provisions of the Servicemen's Readjustment Act. At the present time there are about \$60,000,000 of such loans and commitments held by Reconstruction Finance Corporation.

We provide that in the giving of financial assistance by the Reconstruction Finance Corporation to these different activities they shall not participate, they shall not make the loan, they shall not give financial assistance, unless the financial assistance applied for is not otherwise available on reasonable terms.

We also provide that the obligation purchased shall be of sound value or shall be so secured as reasonably to assure retirement or repayment.

We provide that financial assistance may be made either directly by the RFC or participated in with other financial institutions.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. KUNKEL. Will the gentleman call attention to section 208 a and b on page 20 which deals with the question of the RFC and small businesses? It is a matter of great interest to many Members of the House.

Mr. WOLCOTT. Yes. It will be recalled that some 2 months ago the House passed a bill which continued the authority of the Reconstruction Finance Corporation to buy from the War Assets Administrator for the account of small business. That bill was an interim bill which continued that authority to June 30, 1947, when the Reconstruction Finance Corporation will expire unless we extend it under the provisions of this bill.

Under that bill the Reconstruction Finance Corporation could buy any quantity of war assets and store them against a future demand by small business.

Under the language of section 208 of this bill we have continued the authority of the RFC to buy from the War Assets Administration for the account of any small business but provide that the Reconstruction Finance Corporation must have on file a request from a small business for the property before the purchase can be made. In other words, the market for the commodity is created before the Reconstruction Finance Corporation may buy from the War Assets Administration. This authority should be continued; otherwise, there are many small businesses which may find it diffi-

cult to secure needed materials to stay in business.

Mr. MILLER of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. MILLER of Nebraska. I would like to ask the gentleman from Michigan the same question I asked the gentleman from Illinois [Mr. ALLEN] when he was discussing the bill under the rule. In the gentleman's opinion, will this permit an irrigation district where they have organized under the laws of the State to borrow money from the Reconstruction Finance Corporation in order to promote an irrigation district?

Mr. WOLCOTT. There is no question about it. I can answer very definitely that they will have that authority if the irrigation district is organized under the laws of the State. I understand in your case the irrigation district is set up as a subsidiary of the State or the county, and if they are so created under State law, the irrigation district will be exercising a proprietary function and will very obviously come within the terms of the bill which authorizes the Reconstruction Finance Corporation to loan to them or purchase their obligations.

Mr. MILLER of Nebraska. They would have to meet the sound economic standards that might be set up by the Reconstruction Finance Corporation?

Mr. WOLCOTT. That is correct. They must meet the other standards.

Mr. BENDER. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Ohio.

Mr. BENDER. About a year ago the Comptroller General before our Committee on Expenditures made some criticism about the bookkeeping and accounting methods of the Reconstruction Finance Corporation. In a conversation with the Comptroller General, Mr. Warren, this morning, he very definitely stated that the Reconstruction Finance Corporation had corrected its methods of bookkeeping and accounting and had adhered strictly to the recommendations of the Comptroller General. I merely want to say that in support of the statement of the gentleman from Michigan that the RFC is doing a good job.

Mr. WOLCOTT. I am glad that the gentleman has made that contribution. I take this opportunity to say that the Reconstruction Finance Corporation has been most cooperative in helping the committee set up this bill.

I have never seen an agency of the Government show quite such wholehearted cooperation with a congressional committee as there was between the Reconstruction Finance Corporation and the House Committee on Banking and Currency.

I do not know if I have made it clear, but I want to make it clear now, that the Reconstruction Finance Corporation will not be authorized to make real-estate loans secured by mortgages, deeds of trust, or other instruments conveying or constituting a lien upon real estate or any interest therein. In other words, the Reconstruction Finance Corporation is taken out of the real-estate market as such under the belief that to make available money for that and the other

purposes, authority for which is repealed by this bill, would only accelerate the velocity of credit and thereby create further inflation. The tendency now, we believe, should be to contract Government credit facilities, not to expand them further. Because of the inflationary condition of the country at the present time, this appears to be sound policy.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. WOLCOTT] has expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself one additional minute.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. MARCANTONIO. On page 6 of the bill as originally introduced by the gentleman there existed subsection (6).

Mr. WOLCOTT. The gentleman is speaking of H. R. 3898 now?

Mr. MARCANTONIO. That is correct.

Mr. WOLCOTT. I have just covered that.

Mr. MARCANTONIO. I am sorry. I was not present.

Mr. WOLCOTT. I said we had deleted that. RFC would no longer provide a secondary market for real-estate loans guaranteed by the Veterans' Administration.

Mr. MARCANTONIO. So that by the deletion, as I understand it, veterans cannot go to the RFC now and obtain an additional \$6,000 loan?

Mr. WOLCOTT. This has no relation whatsoever to what the veteran can do. The veteran can still get the benefits of the GI bill in respect to home loans.

Mr. MARCANTONIO. Up to \$4,000.

Mr. WOLCOTT. Yes. The financial institution from which the veteran secures a loan can still have the loan guaranteed up to 50 percent not exceeding \$4,000.

Mr. MARCANTONIO. But under H. R. 3898, before the deletion of this section, the veteran could go to the RFC and obtain a \$6,000 mortgage?

Mr. WOLCOTT. No. He could obtain a guaranty up to \$4,000. For example, he could go to his bank and get an \$8,000 mortgage, \$4,000 of which would be guaranteed by the Veterans' Administration. The Veterans' Administration guaranteed 50 percent of the loan up to \$4,000.

Mr. MARCANTONIO. And then he could go to the RFC and get an additional \$6,000.

Mr. WOLCOTT. When the RFC bought this paper, they bought it without recourse, so that it would be 100 percent guaranteed by our Government. All they did was to take over the obligation of the financial institution. It does not affect the veteran at all.

Mr. MARCANTONIO. Well, I disagree with the gentleman.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. WOLCOTT] has again expired.

Mr. SPENCE. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, if corporations, like individuals, are entitled to the gratitude of the people by reason of their services, the Reconstruction Finance Corporation is richly entitled to the gratitude of the American people. It was organized



in 1932 under the Hoover administration. I think its activities have illustrated the fundamental differences between the Democratic and Republican Parties. I do not say this in any partisan spirit. The primary objectives of the Reconstruction Finance Corporation were to bail out the railroads, insurance companies, and banks. It did that. It probably saved them. Everybody at that time was wallowing in the heavy seas of the depression, the big fellow and the little fellow. The little fellow needed just as much help as the big fellow but he did not get it until the next administration. It has always been a principle of the Republican Party that if the great banking institutions, the great railroads, and insurance companies could be made prosperous and successful the national economy will be stimulated and the small businessman and the wage earners can take care of themselves. Then you remember came the very nadir of the depression in the banking holiday. It took courage and vision to close the banks of America. Mr. Roosevelt did that. If he had not I do not know what would have happened to the economy of the Nation. The banks were closed. The worthless paper was written off. The Reconstruction Finance Corporation made loans to about 5,000 banks. The banking holiday was declared over, the banks were reopened, and a short time thereafter, by act of Congress, the Federal Deposit Insurance Corporation was set up. From that day to this there have been few bank failures of any magnitude. The confidence of the people in their banking institutions was reestablished.

So when you consider whether the charter of the Reconstruction Finance Corporation should be renewed I think the Members of Congress should take into consideration the splendid services it has rendered to the American people. As it exists now there is a conglomerate mass of legislation granting it the powers it needed to meet certain emergencies. Those acts are all repealed by this pending bill, and with clarity this bill defines the powers that may be exercised and the duties of the Reconstruction Finance Corporation.

The pending bill reduces its available assets for lending from what they now are, as our distinguished chairman says, fourteen to eighteen billions to \$2,000,000,000; but the main thing is it keeps this organization functioning.

I do not believe we should continue to give help to the individual and private business when it is not absolutely necessary. If an emergency takes place we can enlarge the powers and functions of the Corporation to meet the needs.

I hope and trust that the bill will be passed. I realize there are some differences of opinion as to whether the Corporation ought to be entrusted with certain powers that have been taken away from it by this bill. One of the questions is whether or not it should furnish a secondary market for GI loans. That has been considered by the directors of the Reconstruction Finance Corporation and been considered in the committee. The directors of the Corporation seem to be in doubt as to whether the Corporation should be delegated this authority.

I wish to say another thing, John D. Goodloe is now Chairman of the Board. For many years he has been the able Chief Counsel for the Reconstruction Finance Corporation. He is a man of vision, of fine administrative ability; and I am sure he will administer the affairs of this Corporation with the same ability and fidelity he has demonstrated through the years.

I am not going to discuss the technical aspects of the powers that still reside in the Corporation. Many of them will be useful, many of them will assist the business interests of the United States. The Corporation is still empowered to make loans to small business. It is empowered to make loans to political subdivisions, not to purchase the direct obligations of the political subdivision which pledged the faith and credit of those subdivisions, the direct obligations of the county or the city because they should not need the support of an agency of this kind. There should be a ready market for those obligations, but revenue bonds issued on the proprietary capacity of the political subdivisions which otherwise could not find a ready market may be purchased by the RFC, which will help in financing many of the improvements that are necessary for the happiness and welfare of the people. One of those improvements I am hopeful they may be able to help is the interceptor sewers and disposal plants that may be necessary to clean up some of our polluted rivers. There are many other improvements of that character for which there might be no ready market for securities merely pledging revenues.

Mr. Chairman, whatever may be the differences about some of the provisions of this law, I hope the House will pass the act and continue the functions of this great Corporation for two more years. If it is not needed at that time it can be done away with. If emergency should arise we can put it into operation again. In my opinion, it would be ill-advised to abolish it at this time.

Mr. Chairman, as a part of my remarks I include the following letter from the Honorable John D. Goodloe, Chairman of the Board of Directors of the Reconstruction Finance Corporation, which details some of the useful activities and great services of that great Corporation in a period in one of the greatest depressions our Nation has experienced:

RECONSTRUCTION FINANCE CORPORATION,  
Washington, June 21, 1947.

HON. BRENT SPENCE,  
House of Representatives,  
Washington, D. C.

DEAR MR. SPENCE: This is in response to your telephone request for a brief statement in summary form of the assistance RFC rendered in the banking crisis in the early 1930's. I hope the following information, which is cumulative as of April 30, 1947—in other words, covers the entire period since 1932—will be sufficient for your purposes.

Loans have been authorized to 4,919 going banks, principally in 1932 and 1933, in the amount of \$1,334,880,161 to enable the banks to meet the demands of their depositors that grew out of fears for the safety of their money because of the depression. Of this, \$1,138,251,619 was disbursed, and 98.1 percent of the amount disbursed has been repaid.

Loans aggregating \$1,422,805,381 have been authorized for distribution to depositors in

2,780 closed banks, or banks in process of liquidation. Of this amount, \$1,060,157,541 has been disbursed, and 99.5 percent of that has been repaid.

In addition to the bank loans, and pursuant to authority given it to make loans to State funds created to insure deposits of public moneys in banks, the Corporation disbursed \$13,064,631 to the Board of Deposits of the State of Wisconsin to make funds available to several hundred local governments whose money was tied up in closed or restricted banks. This has all been repaid.

Loans aggregating \$178,989,560 were authorized to 1,183 building and loan associations and receivers of building and loan associations to make funds available to shareholders and depositors and to enable receivers to make distributions to depositors and other creditors of the associations without causing extensive foreclosures of homes. Of this \$140,158,068 was disbursed, all of which has been repaid.

Loans aggregating \$600,096 were made to credit unions, all of which have been repaid.

To strengthen the capital structure of the banks of the country the RFC was authorized by act of Congress approved March 9, 1933, to subscribe for or make loans on the preferred stock, exempt from double liability, of National and State banks and trust companies on the request of the Secretary of the Treasury with the approval of the President. In the case of any State bank which is not permitted by the laws of its State to issue preferred stock exempt from double indemnity, the Corporation is authorized to purchase its capital notes or debentures.

Under this authority, the Corporation has authorized the purchase of capital in 6,882 National and State banks in the amount of \$1,346,211,670. Of this, \$1,170,565,312 was disbursed to 6,161 banks and over 80 percent has been retired. The Corporation still has \$167,571,573 invested in the capital of 1,134 National and State banks. In addition, the Corporation purchased \$176,500,000 of preferred stock of the Export-Import Bank of Washington, \$2,500,000 of which was retired and \$174,000,000 sold to the United States Treasury.

With best wishes, I am  
Sincerely yours,

JOHN D. GOODLOE,  
Chairman.

(Mr. SPENCE asked and was given permission to revise and extend his remarks.)

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Nebraska, [Mr. BUFFETT].

(Mr. BUFFETT asked and was given permission to revise and extend his remarks.)

[Mr. BUFFETT addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from Missouri [Mr. PLOESER].

Mr. PLOESER. Mr. Chairman, within the provisions of H. R. 3916, a bill to amend the RFC Act as amended, is a most important provision which affects our entire national economy and in particular, small business, which comprises 95 percent of all of our free competitive enterprise. The important part of this bill is found on page 20, line 18, under section 208, which restores to RFC the powers which were granted that agency under Executive Order 9665 to purchase surplus property for resale to small business. Where these normal times, such provision would probably not be necessary, but, unfortunately, these are not



normal times—monopoly tendencies have been accentuated during the war—small business in competition with big business has been denied access to many of the vital raw materials or finished products necessary for its healthy, economic life.

For the information of this Congress, on March 11, 1947, Comptroller General Warren ruled that the RFC was without authority to use funds for exercising its statutory priority to obtain surplus property on behalf of small business. Based on this ruling, the RFC stopped as of the morning of March 12, accepting new applications or processing pending applications, of which there were 25,000 pending and several hundred new applications filed weekly. This activity of the RFC has been highly successful and very satisfactory to small business. The RFC has consummated over 45,000 transactions this year alone involving a total of \$108,000,000 acquisition costs, and what we mean by this year is from January 1 until the cut-off date of March 12, which in itself indicates the tremendous help small business received by having this priority.

In practice, the exercise of this priority by RFC is without cost to the Government because small business either pays cash for the property or obtains a loan for that purpose. It is significant to note that the loans to small business in this connection run less than 1 percent. Since the statutory priority of RFC has not expired, the result of the Comptroller General's ruling is to defeat the intent of Congress on behalf of small business in surplus-property acquisition in competition with big business.

The basis of the Comptroller General's ruling is that the corporate charter of the Smaller War Plants Corporation expired on December 31, 1946, and no funds can be used for carrying out any of the functions formerly possessed by SWPC. However, in early 1946, the functions of SWPC were transferred to the RFC and the Department of Commerce and for this reason, the corporate charter of the SWPC was permitted to expire. It was generally believed, and the Attorney General has so specifically ruled, that the power so transferred may still be exercised.

No sooner had the Comptroller General issued his ruling than this all-important matter affecting small business was brought to my attention and I immediately introduced into this Congress, H. R. 2535, which was referred to the Committee on Banking and Currency, passed out of that committee favorably; went to the Rules Committee, passed out of the Rules Committee and came to the floor of this House, where it was passed unanimously. This bill then went to the Senate Banking and Currency Committee and was passed out of that committee unanimously; it was given Order No. 60 on the Senate Calendar. Unanimous consent was asked to bring this bill up for immediate consideration because of the serious impact upon small business. There was objection to the unanimous-consent rule by one lone Senator, which automatically put the bill back in its original position on the Senate Calendar.

Telegrams, letters, and 'phone calls, far too numerous to elaborate upon were received by the Committee on Small Business of the House of Representatives, seeking aid to small business in having this priority reestablished for small business by this Congress.

H. R. 2535 was recommitted to the Committee on Banking and Currency in the Senate, where it again met with objection by the same Senator and was defeated in committee by a vote of 7 to 2.

The Administrator of War Assets has stated that he recommends the priorities for the groups selected by Congress to be continued until at least December 31 of this year. Small business, as explicitly stated in the Surplus Property Act, was one of the groups which Congress recognized needed specific assistance. Yet, due to the circumstances which I have just related, this is the only group selected by Congress for special assistance which is being deprived of the rights which Congress intended it should receive.

There is another factor in the situation which I feel also should be brought to the attention of this Congress. One of the primary objectives of the act was to assist the returning veteran to establish himself in business. Under the O'Mahoney-Manasco amendment of last year, veterans were given the priority on surplus property, second only to Government agencies. This, however, is a one-time priority, and after the veteran has exercised it, he is no longer eligible for assistance under the veterans' priority. This is logical, as he has then become a small businessman. Consequently, in denying to small business the priority rights intended them by Congress, we are also denying assistance to the veteran who has established himself as a small businessman.

The sudden halting of the small business priority came as a shock to many small businessmen. In fact, RFC still holds approximately 18,000 unfilled applications, to say nothing of those who have been turned away since that date. According to the latest figures of War Assets, there will be approximately \$18,000,000,000 of surplus property yet to be disposed of. This is many times the total surplus from the First World War and contains a fair percentage of raw materials, finished products or real property highly suitable to small business. By depriving small business of this priority position on this stupendous inventory still available, we are jeopardizing their competitive position in industry and definitely depriving them of the assistance that Congress has always intended they should receive.

(Mr. PLOESER asked and was given permission to revise and extend his remarks.)

Mr. SPENCE. Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. BROWN].

(Mr. BROWN of Georgia asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Georgia. Mr. Chairman, I desire to state that each member of the House Committee on Banking and Currency is very proud of our able chair-

man. He has been very patient, has shown a lot of diplomacy, and has heard everybody who wanted to be heard for the bill and against the bill. I think we have a good bill, with one exception, and I shall call attention to this later.

The bill as reported by the committee is the result of weeks of careful study of the financial structure of the RFC, its outstanding obligations and commitments, and RFC's policy in every field of lending in which it is now authorized to operate. The bill that has been drafted on the basis of these hearings is soundly conceived and is calculated to meet legitimate credit needs of those businesses in this country which are presently unable to obtain credit from normal, private financial channels and provides a framework which can promptly be implemented by the Congress as circumstances may require.

The bill does not extend RFC with all its existing powers. Many powers which appear in the present RFC laws are the result of numerous statutes passed by the Congress over the past 15 years to meet particular emergency situations. Many of these, of course, are no longer needed and are repealed in the bill.

There is one provision of the present law that is repealed which I think ought to be restored, and that is the provision which authorizes the Reconstruction Finance Corporation to buy the GI loans. I expect to support an amendment to restore this provision when it is offered.

There is retained, however, a broad base which Congress can quickly expand to meet any emergency that may arise in the future. Powers retained to meet the credit required by deserving borrowers appear to be adequate to satisfy immediate need. What is of equal importance is the fact that the bill preserves as a corporate entity a Government organization, which, during the most trying times of this country's history, has had 15 years' experience in dealing with emergencies of the most serious character in peacetime depression and war.

At the risk of repeating much that many of you have heard in the past, and especially in recent weeks, I think it appropriate to review briefly some of the major achievements of the RFC during the period of its existence. Those achievements in each and every instance had some direct relationship to the preservation of the private enterprise system in America as we know it, and, in my opinion, cannot be repeated too many times. Its influence is reflected in the high standard of living enjoyed in America today, and to the credit of the people who directed the operations of the RFC, there has never been an attempt to dramatize its accomplishments in the press, radio, or other popular avenues of publicity. The RFC needs no such build-up. It is solid, substantial, and dedicated to the preservation of equal opportunity for all in the business and industrial life of this great country. I, for one, am at a complete loss in my efforts to understand the basis for any opposition to its continuance. Let us review for a moment some of the many major accomplishments of this great or-



ganization, all of which have contributed to the healthy growth of the private enterprise system in this country.

In 1933, by action of the RFC, the tottering banking structure of the United States was saved, and public confidence restored. Millions of depositors were saved from loss. Millions of dollars of people's money invested in real estate, homes, farms, and business property were saved by RFC's purchase of mortgages during the grim days of the depression. Unfortunate people who were the victims of floods, storms, cyclones, earthquakes, and other disasters were provided the funds for a new start. The railroad transportation system, upon which this country so vitally depends, was preserved. Hundreds of businesses were saved from bankruptcy, and many others would have been forced out of business had not the RFC moved with speed and intelligence.

The prompt and effective action by the RFC during the years of the thirties, without question, enabled the United States to successfully meet the severe tests occasioned by the outbreak of war in 1941.

It was plain early in 1940 that the United States was faced with a struggle which could result either in the preservation of the American principle of free opportunity and individual liberty, or the acceptance of a totalitarian doctrine bent upon forcing its will upon all mankind.

It was at this desperate time that the Congress of the United States determined that the agency of the Government best qualified to prepare us for the severe trials ahead was the RFC. Consequently, broad powers were provided the corporation, perhaps broader than ever before granted to an agency of this Government. These powers have never been abused, and the results speak for themselves. As a member of the Banking and Currency Committee for many years, and as one who has intimately participated in the discussions preceding the granting of these powers, I am proud, at the moment when this important bill is being considered, to state that the RFC has achieved an enviable record in serving the public good.

We are all, at this moment, concerned with the troubled situation existing in every part of the world which vitally affects our way of living. We certainly would be blind to the effects these developments would have on the economy of the United States if we permitted the one agency of the Government which, by experience and ability, is equipped to meet such circumstances, to end its useful service to this country. For this reason, if for no other, it is my conviction that the RFC should be extended for a period of at least 2 years.

But there are other more immediate reasons why RFC's life should be extended. No business enterprise in this country can survive if denied adequate credit to meet its legitimate needs. We hear on every hand that the banks are in better condition than ever before in our history. But the banks, for some reason which I am unable fully to understand, simply are not making the loans necessary for the survival of many small business enterprises. They are denied

the opportunity to engage in gainful occupation for lack of adequate credit from private banking channels, and the demand for that credit is now greater than ever before. The RFC in 1946 made five times the number of loans made in 1945 and eight times the number in 1944, representing over 33 percent of all loans made to business enterprises since RFC's inception.

Thousands of these loans were made to returning veterans which enabled them to reestablish old businesses and establish new ones. I can cite an example in my own State of Georgia which, I am sure, is typical of situations existing all over the United States. Approximately 100 veterans organized a corporation for the production of certain housing materials. Each purchased \$1,000 worth of common stock in their corporation and individually sought to borrow about \$2,000 more, guaranteed under the GI bill of rights. Application to private banks for the additional funds was denied, and, having exhausted all possibilities of aid from private sources, the RFC made the loans directly. The manufacturing plant is now in production and employs approximately 160 veterans and the concern is producing housing materials urgently needed at this time, and at a profit.

I am sure that the small banks appreciate the service that RFC renders in the field of small business. Because of the rules governing loans by banks, they are frequently unable to make loans which they might otherwise be perfectly willing to make. RFC makes it possible for these businesses to establish themselves on a sound financial basis, and they eventually become the best customers of private banking institutions. The small bankers recognize this. They also know that RFC in its participation program enables the small bank to earn a reasonable profit on its loans which, except for the RFC, would be absorbed by the larger city banks.

The action which the Congress is about to take on H. R. 3916, which would extend the life of the Reconstruction Finance Corporation, is one of the most important decisions to be made in the present session. Failure to approve this bill would, in my judgment, result in far-reaching, disastrous consequences to our national economy.

Mr. BUCHANAN. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. MONRONEY].

(Mr. MONRONEY asked and was given permission to revise and extend his remarks.)

Mr. MONRONEY. Mr. Chairman, I am definitely and heartily in favor of the enactment of this bill. First, I would like to compliment our chairman, the gentleman from Michigan [Mr. Wolcott], on the very splendid job that he did in going over the entire authorization and lending authority of the Reconstruction Finance Corporation, and carefully rewriting the act so as to bring its duties and its functions within the purview of what the present situation demands in Government financing.

The bill, as the gentleman from Michigan [Mr. Wolcott] so ably told you,

simply continues the RFC for another 2 years, in clearly defined language. The Congress has, at various times since the establishment of the agency back in the depression days, added new duties and new authorizations to the Reconstruction Finance Corporation.

Like so many legislative acts, many of those powers have been allowed to gather dust on the statute books until no man living knew where the lending authority of the RFC began or where it left off. It was a job that required careful and painstaking reorganization of the legislation.

#### ONLY ONE DEFEAT

I believe, except in one instance, it represents one of the finest pieces of legislation that has been brought to the floor of this House.

We greatly reduce the lending authority and the borrowing authority of the RFC, cutting it down to what I believe is adequate postwar size. It will be limited to \$2,000,000,000 of new business with the passage of this act.

In considering the Reconstruction Finance Corporation you have learned of some of the more spectacular lending activities as—witness the time when it saved the large railroads, the insurance companies, and the banks. This erroneously left the impression that it was an agency functioning only to help big business.

#### NINETY PERCENT WERE SMALL LOANS

Nothing could be further from the truth, because 90 percent of all the loans that have been made by this agency since it started have been small business loans. Ninety percent of the loans have been made not to salvage or to insure invested capital, but made with the idea of creating employment; with the idea of keeping alive the industrial production of this country, both little and big, to furnish jobs for American workmen so that they could produce, not only for their industry but for the health and welfare of the Nation as well. You know the jobs RFC did during the depression. Perhaps one of the few sources of investment capital that were open not only for private business but for our States and municipalities as well, was the RFC through those troubled times.

Dormitories were built across this land of ours. State schools, municipal, farm drainage, and other improvements were put in because the RFC made available this credit at an interest rate that the communities and the public bodies of this Nation could afford to pay.

I doubt if there has been any agency of Government that has operated since 1933 than can show a performance record of over \$500,000,000 clear profit to the United States Government as a result of its peacetime activities. We heaped dozens and dozens of disagreeable jobs on the RFC during the depression and we heaped dozens of disagreeable jobs on the RFC during the war.

They furnished the personnel, the trained organization, the know-how, to administer these agencies in a most creditable manner. I doubt if there is any agency in the Government today whose relationships have been as pleasant, who have stayed so closely within



the authority granted to them by the Congress of the United States as the RFC; and yet the result of their peacetime operations has been over \$500,000,000 profit to Uncle Sam.

#### NOW POSTWAR PROBLEMS

Now we are looking at the postwar situation. Already there are rumors going across the country that a recession is apt to set in; and far back from Washington you find on the main streets of America coming signs of a tightening of the normal credit facilities of the Nation.

No one knows, of course, what is going to happen, whether we will have a recession, whether the disturbed foreign situation or other events over which neither the Congress nor business have any control, will result in a great stringency of credit; and I think we would be very, very careless of the Nation's welfare if we, at this time, should fail to continue the Reconstruction Finance Corporation.

#### AIDS SMALL BANKS

I am constrained to disagree with my distinguished colleague the gentleman from Nebraska [Mr. BUFFETT], when he says that this is a socialization of credit. This credit that the RFC extends through banks to the free-enterprise system is the very core of free enterprise. You cannot have free enterprise if you deny the necessary long-term and intermediate-term credit to the smaller businesses of this Nation.

I disagree with him also that a bunch of bureaucrats are sitting in Washington saying who gets the credit and who does not get the credit. The record of loans made by the Reconstruction Finance Corporation shows that the credit originates with the smaller banks of this country. These small financial enterprises ask the RFC if it will join with them and furnish additional participation credit facilities for making the loans these small, individual, privately owned or company-owned credit enterprises throughout the 49 States wish to make.

The RFC originates no loans. All the loans it makes are requests that come for the most part to it from small banks.

Before the RFC was established, these small banks, limited under our national banking acts and under the Federal Reserve restrictions, could lend only a certain small percentage of their capital—I believe not more than 20 percent—to any one borrower.

They would have to get the necessary additional financial credit by going with their hat in their hand to Wall Street banks begging and pleading in order to get the necessary credit to make the wheels of industry turn in their own locality.

It was Government regulations that prevented them from lending more than a certain percentage of their capital to these small businesses. Yet, because financial power was concentrated in a few great banks of this country, they could say to the small banks, "Give us almost all of your profit on the deal or we will not underwrite the loan; we will not participate in the loan."

That is why I say it is so necessary at this time when no man knows what the financial situation will be that we are going into, to have this added financial assistance that the smaller lending enterprises of our Nation, the smaller banks, can go to and ask participation as partners in helping to build their home-town free enterprise in their local communities.

To show you the necessity for these loans in the postwar period, \$450,000,000 worth of new loans have been originated in participation with small banks and small lending enterprises during 1946, and all this was done without one single word of criticism that the RFC was competing with any lending institutions. I think that is a record you can be very proud of.

#### DEMANDS EXPANDING ECONOMY

Mr. Chairman, prosperity and full employment depend on an expanding economy and not a contracting economy. If you want to make jobs for the people who have the talents to work, you can do no better than to make this necessary finance for these small enterprises available to the little man who wants to establish his own business, who wants to buy machinery, who wants to buy equipment, who wants to put out a product that America is willing to buy.

Without access to this long-term financing, free enterprise suffers. Everybody says that today the banks are bulging with money. You go to any bank examiner and see whether the Federal Reserve likes to see a 3- or 4-year note for \$500,000 in a bank's portfolio. Ask any country banker and he will tell you that note will get them into more trouble, no matter how good the loan is, with the bank examiners than anything they might have in their portfolios.

#### INTERMEDIATE CREDIT NEEDED

There is a drought, there is a scarcity, there is a shortage of this intermediate time financing. There is no place that the little businessman can go to in the investment market, either in Wall Street or in any of the great financial centers, and get adequate financing for his little business.

If you take away the prospect and chance for the little, small bank to originate this loan, without a chance for the RFC to participate in that, you will be doing a very dangerous thing for the economy of this country.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. BROWN of Georgia. Mr. Chairman, I yield the gentleman three additional minutes.

Mr. MONRONEY. Mr. Chairman, does the RFC have good business judgment? Is it capable of making money? I remember a small bit of legislation that I helped to get into a bill to insure against war damage. This insurance was being sought throughout the country during the war. The RFC by operating with only two or three assistants reinsured these insurance policies against bomb and other war damage and made a little over \$250,000,000 out of that one project. Does that sound like an agency we would like to abolish, an

agency we would like to throw away at this time as a financial uncertainty? I hardly think so.

#### DAMAGES GI LAW

Mr. Chairman, I want to speak about one small point of difference between the members of the committee that we had. I refer to cutting out from this bill what was known last year as the Brown amendment, put in by my distinguished friend from Georgia [Mr. BROWN] at the request of the Veterans' Administration. It permitted the RFC to furnish a secondary market for insured loans that the Veterans' Bureau make to the veterans to buy their homes.

The committee did not take enough time in considering this proposal. Surely we did not have enough testimony to show us the right way to do it.

By arbitrarily denying this secondary market for GI home loans I believe we are going to do the Government a disservice, and I know definitely that we are going to do the veterans who want to get a home a disservice.

In permitting the RFC to buy the GI loans, we offered the RFC a chance to buy them from any person who has originally made the loan. There can be no shifting or bickering of paper back and forth. The RFC under the Brown amendment could only buy from the original maker of the loan. They could only buy them at par. In other words, they could get back from the RFC the money that they themselves had lent the GI. The man who sells the loan then is allowed to service that loan, collect the interest, and so forth, for the RFC on the standard going rate, the lowest minimum rate that is available or allowable in the insurance practice. That is one-half of 1 percent. That is all he gets for servicing these small loans.

I think we would be making a very great mistake to restrict this bill to eliminate that type of paper from purchase by the RFC.

We can take in thousands of different kinds of commercial paper and business loans under this bill, and yet you are going to say to the country at large that we ourselves, the Congress, do not have enough faith in the integrity of these GI loans to make them eligible for purchase by the RFC.

If the veterans across the Nation in our 48 States are going to get ample credit for their homes, as this Congress has promised them they will get under the GI bill of rights, then we should provide this secondary market for these loans in the RFC.

It will make this veterans' housing program work far better. Without this authority, I am afraid that approval by the Veterans' Bureau of the GI's housing loan will merely be a "hunting license," and in spite of all the guaranties the Congress has made for his house, he will be unable to get it financed.

(Mr. MONRONEY asked and was given permission to revise and extend his remarks.)

Mr. GAMBLE. Mr. Chairman, we have no further requests for time.



Mr. BROWN of Georgia. Mr. Chairman, I yield 7 minutes to the gentleman from North Carolina [Mr. FOLGER].

Mr. FOLGER. Mr. Chairman, I feel that it is really an imposition in consuming any time on my part to make any statement concerning this bill which the Committee on Banking and Currency has brought to the House. But I could not refrain from doing so in remembrance of the full testimony and all the evidence that was presented to our committee on the subject. It was really, I must say, a surprise to me to find that over the great period of years since the time this institution of Government was organized in 1932 up to the present time that such a magnificent showing has been made as was made by the Reconstruction Finance Corporation. We remember the many difficult situations in the last 5 or 6 years that the Reconstruction Finance Corporation encountered in respect to the extreme needs that were brought on by the war situation. They never failed. They operated in other fields and finally came out with a legitimately shown profit, notwithstanding some of the losses that they had to take because they were asked to step into the breach in the way of subsidizing needed materials and the production of needed materials in the war, whether it was profitable or not, and with all that it has been a grand showing that the Reconstruction Finance Corporation has made even in its financial operations.

It would be impossible for any one to recount the great benefits that this has been to the business of the United States since the year 1932. It has been large. It has been tremendous. Taken all together, I do not know of any institution of Government that has rendered a greater service and a larger service than the Reconstruction Finance Corporation rendered.

I bring to your attention, nevertheless, in the lending field the testimony of one witness before us whose name I do not recall, and I would not care to say if I remembered it; it is immaterial. He was somewhat skeptical. He did not know what the committee was going to do, and it seemed that he was a little of the opinion that we should discontinue the life of this corporation. I asked him a question as to what percent of the loans over the period had been made by private banking institutions and what by the Reconstruction Finance Corporation. His answer was that 98 percent of all the loans had been made by private banking institutions. I then asked him why he was uneasy about the situation. He said he was not, because it had been fairly and honestly and well operated to the benefit of the economy of the whole country. The bankers themselves were definitely included. He was just afraid of the broad powers they already have under the act as it originally obtained.

The committee felt that now we are in what we conceive to be, though we do not know how long it will remain, an easy place as to financing the necessary industry of our country, including agriculture and other activities of our economy, we would do well to limit the scope

and the breadth of the operations of the institution; but we do not know how long this situation will obtain. We hope it will continue indefinitely, but the expectation we could not reasonably have, and certainly we could not kill an organization that has been as helpful as this one has. We feel that it should not be laid back upon the shelf as a dead body but should be continued as a living thing. Then if we find in a year or 2 years—and that is the limit of the extension of the life of the Corporation—that broader powers are needed, if some deplorable situation arises when we must enlarge its powers and its scope of operations, we can safely and well do so. In the meantime, however, it is best for the industry and the economy of this country that it be retained just as we have retained it for the 2-year period, under the limitations that have been prescribed, which I think, speaking personally, are sufficient, and which at the same time are not at all too broad, but will be helpful to everybody, including the banks, small business, and every other part of our economy. We should continue this Corporation's life as a living thing as is done under the terms of this bill.

Mr. GAMBLE. Mr. Chairman, I yield such time as he may require to the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, I am in favor of this bill, and express the hope that the Reconstruction Finance Corporation will use its new powers to help in the solution of America's No. 1 domestic problem, housing.

Everything possible should and must be done to help overcome the housing shortage which is undermining the morale and health of millions of veterans and their families and of other citizens. The RFC should use its powers to help bring down the costs of new housing by extending the necessary financing to new companies which have developed good industrial housing which they are ready to produce if they can get the necessary monetary backing and who cannot raise the money through private channels. Industrial housing is standardization and preassembly manufacture of parts of a house by production-line methods to be assembled at the site. Industrial housing could bring a new chapter in construction methods in the United States and could do much to provide homes for millions of people at prices that they can afford to pay by reducing labor, material, and production costs. Labor costs can be reduced because the number of man hours that go into a house assembled from parts produced by machine processes, is less than by traditional manual methods. Material costs can be reduced because direct purchases by industrial house manufacturers from material manufacturers eliminate many of the intermediate distribution and middle-man costs. Production costs can be reduced because of the efficiency of industrial engineering techniques.

(Mr. JAVITS asked and was given permission to revise and extend his remarks.)

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. HAYS].

(Mr. HAYS asked and was given permission to revise and extend his remarks.)

#### RFC HAS AN IMPRESSIVE RECORD

Mr. HAYS. Mr. Chairman, when I think of the Reconstruction Finance Corporation I think of a good friend of mine known to many of you, Harvey C. Couch, of Arkansas. In 1932 President Hoover summoned that brilliant business man to Washington to help lay the foundations of this great financial institution. I know how he neglected his private business to work with others in establishing the early policies of the RFC, that enabled the agency to lend \$2,000,000,000 to the banks of America, 99 percent of which has been repaid.

I also think of John D. Goodloe, the present Chairman of the Board, an able administrator. He was only a law student when I first met him, and I have taken pride in his progress. I think the entire committee was impressed by the statement Chairman Goodloe made in reviewing the activities of the RFC during his service as chairman.

#### REVISIONS ARE IN ORDER

The gentleman from Michigan has done an excellent job in guiding our thinking as he explored this problem individually, pointing the way to a simplified statute that would clearly chart the future activities.

Now, the Congress owes it to the people to define clearly just what function this agency is to serve in the future. The bill is clear and concise and I hope it will be supported.

Some of its functions are still necessary. For example, through disaster loans, 30 States suffering at times from floods, earthquakes, and tornadoes have participated in RFC benefits, a magnificent service, and one that should continue.

#### RFC USED FOR WIDE VARIETY OF SERVICES

Impartial observers will agree that RFC, during the 15 years since its organization, has demonstrated its ability to discharge numerous responsibilities which Congress assigned to it.

Let me mention briefly a few of the other things which we have been able to accomplish through the agency of this Corporation. It buttressed our weakened banking system in 1933 by putting approximately \$1,200,000,000 of fresh capital in over 6,000 banks, and stood prepared to help the rest. This helped immeasurably in the restoration of confidence, despite the failure of more than 6,000 banks in the preceding year or so. Approximately 85 percent of this total investment has been repaid.

It also made loans to building and loan associations, credit unions, insurance companies, and agricultural credit institutions.

The RFC made loans to and invested in the securities of railroads owning more than two-thirds of the entire railroad mileage of the country, to the extent of about \$1,000,000,000. This financial assistance saved many of our large systems from receivership and helped them prepare for the great burdens which they assumed during the war. Only a small portion of these loans remains unpaid.



It has aided municipalities and local public agencies in financing the construction and improvement of essential public projects. With this assistance, local communities have been able to build bridges, waterworks, and other projects essential to the welfare of their citizens. Practically all of these projects have been financially successful. More than 100,000,000 has been loaned to help in the reorganization of drainage and irrigation districts. This assistance has been of vital importance to many of our farm areas.

During the period of national defense and throughout the war, responsibilities of the most diverse nature were assigned to the RFC because of its record for doing the job expeditiously and in a businesslike manner.

It is also worth mentioning that the peacetime functions of the RFC have been carried on without any drain on the Treasury. In fact, they have yielded a net profit to the Government of more than \$500,000,000 after payment of all operating expenses, interest on the money borrowed, and an adequate reserve against losses.

This is a record of restored confidence, and the prompt performance of difficult assignments in times of emergency. I do not anticipate a depression within the next year or two, and I hope that we will never face another one, but none of us can read the future and it is well to bear in mind that the RFC with its vast experience, its trained organization and its flexible procedures, can be of incalculable value to the Nation should an unforeseen emergency develop. An organization of this caliber cannot be built overnight.

In addition to the desirability of continuing the RFC for emergency purposes, there is a continuing need for such an agency to meet the credit needs of business enterprises, particularly small business, including veterans. The economic health and welfare of this Nation depends mainly on the strength and stability of its small business enterprises. It is well known that the legitimate credit needs of small business cannot be entirely met by our private-banking institutions. And the RFC is authorized to make business loans only when credit is not otherwise available on reasonable terms. In other words, the Corporation is not engaged in competition with banks.

Many of the Corporation's loans, particularly to banks and railroads, have been large and spectacular, but the great majority of all business loans have been made to small business enterprises. I am told that of the 39,000 business loans, which the Corporation has made since 1932, 90 percent have been in amounts under \$100,000. The continuing need for this type of financial assistance is demonstrated by the fact that during 1946 the RFC made 12,247 loans to business enterprises, involving over one-half billion dollars, and it should be remembered that these loans were made only to applicants who could not obtain credit from private sources.

Perhaps of equal significance with its lending functions is the number of requests the Corporation has received from

small business for various types of assistance, involving technical, managerial, and accounting problems. RFC officials advised us that in 1946 the Agency handled 260,000 requests for assistance, of which about 50 percent pertained to matters other than loans. After receiving such preliminary assistance the loan applicant frequently finds he does not need a loan, or that he does not need a loan as large as he anticipated, or for as long a time as he originally believed necessary. In many cases he finds that his needs can actually be met by his local bank. By handling many of its business loans through participation with banks the RFC has not only assisted small businessmen throughout the country but has also been a great help to the smaller banks in meeting the legitimate credit needs of their community.

Some practices of RFC I do not approve of but the agency was under a mandate from Congress to follow them. I refer, for example, to loans to the REA and to farm-tenant loans. These should be direct Treasury loans and I hope this improvement will be authorized by the Congress.

Mr. Chairman, it seems to me there is every reason for prompt and unanimous approval of the main features of this bill. I agree, however, that it is rather disquieting news that the gentleman from Oklahoma [Mr. MONRONEY], brings us of General Bradley's disappointment in our failure to provide for the continued RFC financing of veterans' loans. I hope under the 5-minute rule that we will go very carefully into the merits of the amendments to be offered in that respect.

The CHAIRMAN. If there are no further requests for time, the Clerk will read.

The Clerk read as follows:

*Be it enacted, etc.—*

TITLE I—AMENDMENT TO RECONSTRUCTION  
FINANCE CORPORATION ACT

SECTION 1. The Reconstruction Finance Corporation Act, as amended, is hereby amended to read as follows:

"SEC. 1. There is hereby created a body corporate with the name 'Reconstruction Finance Corporation' (herein called the Corporation), with a capital stock of \$325,000,000 subscribed by the United States of America. Its principal office shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the board of directors. This act may be cited as the 'Reconstruction Finance Corporation Act'.

"SEC. 2. The management of the Corporation shall be vested in a board of directors consisting of five persons appointed by the President of the United States by and with the advice and consent of the Senate. Of the five members of the board, not more than three shall be members of any one political party and not more than one shall be appointed from any one Federal Reserve district. Each director shall devote his time principally to the business of the Corporation. The terms of the directors shall be 2 years but they may continue in office until their successors are appointed and qualified. Whenever a vacancy shall occur other than by expiration of term the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. The directors, except the chairman, shall receive

salaries at the rate of \$12,500 per annum each. The chairman of the board of directors shall receive a salary at the rate of \$15,000 per annum.

"SEC. 3. (a) The Corporation shall have succession through June 30, 1949, unless it is sooner dissolved by an act of Congress. It shall have power to adopt, alter, and use a corporate seal; to make contracts; to lease or purchase such real estate as may be necessary for the transaction of its business; to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal: *Provided*, That the Corporation shall be entitled to and granted the same immunities and exemptions from the payment of costs, charges, and fees as are granted to the United States pursuant to the provisions of law codified in sections 543, 548, 555, 557, 578, and 578a of title 28 of the United States Code, 1940 edition; to select, employ, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the Corporation, in accordance with laws, applicable to the Corporation, as in effect on June 30, 1947, and as thereafter amended; and to prescribe, amend, and repeal, by its board of directors, bylaws, rules, and regulations governing the manner in which its general business may be conducted. Except as may be otherwise provided in this act, the board of directors of the Corporation shall determine the necessity for and the character and amount of its obligations and expenditures under this act and the manner in which they shall be budgeted, incurred, allowed, paid, and accounted for, without regard to the provisions of any other laws governing the expenditure of public funds and such determinations shall be final and conclusive upon all other officers of the Government. The Corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government.

"(b) Notwithstanding any other provision of law, the right to recover compensation granted by the act approved September 7, 1916, as amended (5 U. S. C., sec. 751), shall be in lieu of, and shall be construed to abrogate, any and all other rights and remedies which any person, except for this provision, might on account of injury or death of an employee, assert against the Corporation or any of its subsidiaries.

"SEC. 4. (a) To aid in financing agriculture commerce, and industry, to help in maintaining the economic stability of the country and to assist in promoting maximum employment and production, the Corporation, within the limitations hereinafter provided, is authorized—

"(1) To purchase the obligations of and to make loans to any business enterprise organized or operating under the laws of any State or the United States: *Provided*, That the purchase of obligations (including equipment trust certificates) of, or the making of loans to railroads or air carriers engaged in interstate commerce or receivers or trustees thereof, shall be with the approval of the Interstate Commerce Commission or the Civil Aeronautics Board, respectively: *Provided further*, That in the case of railroads or air carriers not in receivership or trusteeship, the Commission or the Board, as the case may be, in connection with its approval of such purchases or loans, shall also certify that such railroad or air carrier, on the basis of present and prospective earnings, may be expected to meet its fixed charges without a reduction thereof through judicial reorganization except that such certificates shall not be required in the case of loans or purchases made for the acquisition of equipment or for maintenance.

"(2) To make loans to any financial institution organized under the laws of any State or of the United States.

"(3) In order to aid in financing projects authorized under Federal, State, or municipal



pal law, to purchase the securities and obligations of, or make loans to, (A) municipalities and political subdivisions of States, (B) public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States, and (C) public corporations, boards, and commissions: *Provided*, That no such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses as distinguished from purchases and loans to aid in financing specific public projects.

"(4) To make such loans, in an aggregate amount not to exceed \$25,000,000 outstanding at any one time, as it may determine to be necessary or appropriate because of floods or other catastrophes.

"(b) No financial assistance shall be extended pursuant to paragraphs (1), (2), and (3) of subsection (a) of this section, unless the financial assistance applied for is not otherwise available on reasonable terms. All securities and obligations purchased and all loans made under paragraphs (1), (2), and (3) of subsection (a) of this section shall be of such sound value or so secured as reasonably to assure retirement or repayment and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise.

"(c) The total amount of investments, loans, purchases, and commitments made pursuant to this section 4 shall not exceed \$2,000,000,000 outstanding at any one time.

"(d) No fee or commission shall be paid by any applicant for financial assistance under the provisions of this act in connection with any such application, and any agreement to pay or payment of any such fee or commission shall be unlawful.

"(e) No director, officer, attorney, agent, or employee of the Corporation in any manner, directly or indirectly, shall participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly interested.

"(f) The powers granted to the Corporation by this section shall terminate at the close of business on June 30, 1949, but the termination of such powers shall not be construed (1) to prohibit disbursement of funds on purchases of securities and obligations, on loans, or on commitments or agreements to make such purchases or loans, made under this act prior to the close of business on such date, or (2) to affect the validity or performance of any other agreement made or entered into pursuant to law.

"(g) As used in this act, the term 'State' includes the District of Columbia, Alaska, Hawaii, and Puerto Rico.

"Sec. 5. Section 5202 of the Revised Statutes of the United States, as amended, is hereby amended by striking out the words 'War Finance Corporation Act' and inserting in lieu thereof the words 'Reconstruction Finance Corporation Act.'

"Sec. 6. The Federal Reserve banks are authorized and directed to act as custodians and fiscal agents for the Corporation in the general performance of its powers conferred by this act and the Corporation may reimburse such Federal Reserve banks for such services in such manner as may be agreed upon.

"Sec. 7. The Corporation may issue to the Secretary of the Treasury its notes, debentures, bonds, or other such obligations in an amount outstanding at any one time sufficient to enable the Corporation to carry out its functions under this act or any other provision of law, such obligations to mature not more than 5 years from their respective dates of issue, to be redeemable at the option of the Corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the Cor-

poration. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Corporation. The Secretary of the Treasury is authorized to purchase any obligations of the Corporation to be issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the Corporation's obligations hereunder.

"Sec. 8. The Corporation, including its franchise, capital, reserves and surplus, and its income, shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to special assessments for local improvements and shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed: *Provided*, That the special assessment and taxation of real property as authorized herein shall not include the taxation as real property of possessory interests, pipe lines, power lines, or machinery or equipment owned by the Corporation regardless of their nature, use, or manner of attachment or affixation to the land, building, or other structure upon or in which the same may be located. The exemptions provided for in the preceding sentence with respect to taxation (which shall, for all purposes, be deemed to include sales, use, storage, and purchase taxes) shall be construed to be applicable not only with respect to the Corporation but also with respect to any other public corporation which is now or which may be hereafter wholly financed and wholly managed by the Corporation. Such exemptions shall also be construed to be applicable to loans made, and personal property owned by the Corporation or such other corporations, but such exemptions shall not be construed to be applicable in any State to any buildings which are considered by the laws of such State to be personal property for taxation purposes. Notwithstanding any other provision of law or any privilege or consent to tax expressly or impliedly granted thereby, the shares of preferred stock of national banking associations, and the shares of preferred stock, capital notes, and debentures of State banks and trust companies, acquired prior to July 1, 1947, by the Corporation, and the dividends or interest derived therefrom by the Corporation, shall not, so long as the Corporation shall continue to own the same, be subject to any taxation by the United States, by any Territory, dependency, or possession thereof, or the District of Columbia, or by any State, county, municipality, or local taxing authority, whether now, heretofore, or hereafter imposed, levied, or assessed, and whether for a past, present, or future taxing period.

"Sec. 9. In the event of termination of the powers granted to the Corporation by section 4 of this act prior to the expiration of its succession as provided in section 3, the board of directors shall, except as otherwise herein specifically authorized, proceed to liquidate its assets and wind up its affairs. It may with the approval of the Secretary of the Treasury deposit with the Treasurer of the United States as a special fund any money belonging to the Corporation or from time to time received by it in the course of liquidation, for the payment of its outstanding obligations, which fund may be drawn upon or paid out for no other purpose. Any balance remaining after the liquidation of

all the Corporation's assets and after provision has been made for payment of all legal obligations shall be paid into the Treasury of the United States as miscellaneous receipts. Thereupon the Corporation shall be dissolved and its capital stock shall be canceled and retired.

"Sec. 10. If at the expiration of the succession of the Corporation, its board of directors shall not have completed the liquidation of its assets and the winding up of its affairs, the duty of completing such liquidation and winding up of its affairs shall be transferred to the Secretary of the Treasury, who for such purpose shall succeed to all the powers and duties of the board of directors under this act. In such event he may assign to any officer or officers of the United States in the Treasury Department the exercise and performance, under his general supervision and direction, of any such powers and duties. When the Secretary of the Treasury shall find that such liquidation will no longer be advantageous to the United States and that all of the Corporation's legal obligations have been provided for, he shall retire any capital stock then outstanding, pay into the Treasury as miscellaneous receipts the unused balance of the moneys belonging to the Corporation, and make a final report to the Congress. Thereupon the Corporation shall be deemed to be dissolved.

"Sec. 11. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by removal, deferment of action or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Corporation, or for the purpose of obtaining money, property, or anything of value, under this act, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than 2 years, or both.

"(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation, or coupon, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, issued by the Corporation; or (2) passes, utters, or publishes, or attempts to pass, utter or publish, any false, forged or counterfeited note, debenture, bond, or other obligation, or coupon, purporting to have been issued by the Corporation, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Corporation; or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true any falsely altered or spurious note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Corporation, knowing the same to be falsely altered or spurious, or any person who willfully violates any other provision of this act, shall be punished by a fine of not more than \$10,000, by imprisonment for not more than 5 years, or both.

"(c) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it; or (2) with intent to defraud the Corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of or to the Corporation, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof; or (3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Corporation; or (4) gives any unauthorized information concerning any future action or



plan of the Corporation which might affect the value of securities, or having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company, bank, or corporation receiving loans or other assistance from the Corporation, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than 5 years, or both.

"(d) No individual, association, partnership, or corporation shall use the words 'Reconstruction Finance Corporation' or a combination of these three words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding \$1,000 or imprisonment not exceeding 1 year, or both.

"(e) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, ch. 5, secs. 202 to 207, inclusive), insofar as applicable, are extended to apply to contracts or agreements with the Corporation under this act, which for the purposes hereof shall be held to include loans, advances, discounts, and rediscounts; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

"SEC. 12. The Corporation is authorized to exercise the functions, powers, duties, and authority transferred to the Corporation by Public Law 109, Seventy-ninth Congress, approved June 30, 1945, but only with respect to programs, projects, or commitments outstanding on June 30, 1947.

"SEC. 13. If any provision of this act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of this act, and the applicability of such provision to other person or circumstances, shall not be affected thereby."

#### TITLE II—MISCELLANEOUS

SEC. 201. No provision of this act shall be construed so as to prevent the Corporation from disbursing funds on purchases, of securities and obligations, on loans made, or on commitments or agreements to make such purchases or loans, and liabilities incurred, pursuant to law prior to the effective date of this act.

SEC. 202. The succession of United States Commercial Company, a corporation created by the Reconstruction Finance Corporation pursuant to section 5d (3) of the Reconstruction Finance Corporation Act, as amended, is hereby extended through June 30, 1948.

SEC. 203. All assets and liabilities of every kind and nature, together with all documents, books of account, and records, of the RFC Mortgage Company, a corporation organized under the laws of the State of Maryland, all the capital stock of which is owned and held by the Reconstruction Finance Corporation, shall be transferred to the Reconstruction Finance Corporation. With respect to the assets, liabilities, and records transferred, "Reconstruction Finance Corporation" for all purposes is hereby substituted for "The RFC Mortgage Company", and no suit, action, or other proceeding lawfully commenced by or against such corporation shall abate by reason of the enactment of this act, but the court, on motion or supplemental petition filed at any time within 12 months after the date of such enactment, showing a necessity for the survival of such suit, action, or other proceeding to obtain a determination of the questions involved, may allow the same to be maintained by or against the Reconstruction Finance Corporation.

SEC. 204. The Federal Loan Agency, created by Reorganization Plan Numbered 1 pursuant to the provisions of the Reorganization Act of 1939, approved April 3, 1939, is hereby

abolished, and all its property and records are hereby transferred to the Reconstruction Finance Corporation.

SEC. 205. The Reconstruction Finance Corporation is authorized and directed to transfer as soon as practicable after the effective date of this act, to the Secretary of the Treasury, and the Secretary of the Treasury is authorized and directed to receive, all of the stock of the Federal home-loan banks held by the Reconstruction Finance Corporation. The Secretary of the Treasury shall cancel notes of the Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the par value of the stock so transferred.

SEC. 206. The following acts and portions of acts are hereby repealed:

(a) Sections 1, 201, 203, 204, 205, 206, 207, 208, 209, and 211 of the Emergency Relief and Construction Act of 1932, approved July 21, 1932 (47 Stat. 709), as amended;

(b) Section 304 of the act approved March 9, 1933 (48 Stat. 1), as amended;

(c) Sections 27, 32, 36, 37, and 38 of the Emergency Farm Mortgage Act of 1933, approved May 12, 1933 (48 Stat. 41), as amended;

(d) Sections 5 and 19 (c) and the last two sentences of section 8 (b) of the Agricultural Adjustment Act, approved May 12, 1933 (48 Stat. 33), as amended;

(e) The act approved June 10, 1933 (48 Stat. 119), as amended;

(f) The last sentence of section 4 (b) of the Home Owners' Loan Act of 1933, approved June 13, 1933 (48 Stat. 129), as amended;

(g) Sections 301 and 302 of the National Industrial Recovery Act, approved June 16, 1933 (48 Stat. 195), as amended;

(h) Section 84 of the Farm Credit Act of 1933, approved June 16, 1933 (48 Stat. 257), as amended;

(i) The act approved January 20, 1934 (48 Stat. 318);

(j) The fourth paragraph of the Emergency Appropriation Act, fiscal year 1935, approved June 19, 1934 (48 Stat. 1056), and section 202 of the Public Works Administration Extension Act of 1937, approved June 29, 1937 (50 Stat. 357);

(k) Sections 10, 13, 14, 15, and 16 of the act approved June 19, 1934 (48 Stat. 1105), as amended;

(l) So much of sections 4 and 602 of the National Housing Act, approved June 27, 1934 (48 Stat. 1247), as amended, as relates to the Reconstruction Finance Corporation;

(m) The first section and sections 2, 3, 9, 11, and 13 of the act approved January 31, 1935 (49 Stat. 1), as amended;

(n) The act approved August 24, 1935 (49 Stat., ch. 646, p. 796);

(o) The act approved March 20, 1936 (49 Stat. 1185);

(p) The act approved April 10, 1936 (49 Stat., ch. 168, p. 1191);

(q) The first section of the act approved January 26, 1937 (50 Stat. 5), as amended;

(r) The act approved February 11, 1937 (50 Stat. 19), as amended;

(s) So much of section 32 (b) of the Farm Credit Act of 1937, approved August 19, 1937 (50 Stat. 703), as relates to the Reconstruction Finance Corporation and so much of section 33 (b) of the said act as relates to the payment of the expenses of corporations formed by the consolidation of two or more regional agricultural credit corporations;

(t) So much of the act approved June 25, 1938 (52 Stat. 1193), as relates to the Reconstruction Finance Corporation;

(u) Section 12 of the Federal Highway Act of 1940, approved September 5, 1940 (54 Stat. 867);

(v) Section 5 of the act approved June 10, 1941 (55 Stat. 250);

(w) The act approved October 23, 1941 (55 Stat. ch. 454, p. 744);

(x) The act approved March 27, 1942 (56 Stat., ch. 193, p. 174);

(y) The act approved June 5, 1942 (56 Stat., ch. 352, p. 326); and

(z) Sections 1 and 2 of Public Law 656, Seventy-ninth Congress, approved August 7, 1946.

SEC. 207. The liquidation of the affairs of the Smaller War Plants Corporation administered by the Reconstruction Finance Corporation pursuant to Executive Order 9665 shall be carried out by the Reconstruction Finance Corporation, notwithstanding the provisions of the last paragraph of section 5 of the First War Powers Act, 1941. The Smaller War Plants Corporation is hereby abolished.

SEC. 208. (a) The Reconstruction Finance Corporation shall have the power to purchase any surplus property for resale, subject to regulations of the War Assets Administrator or his successor, to small business when, in its judgment, such disposition is required to preserve and strengthen the competitive position of small business. The purchase of surplus property under this section shall be given priority under the Surplus Property Act of 1944, as amended, immediately following transfers to Government agencies under section 12 of such act, as amended, and disposals to veterans under section 16 of such act, as amended. The provisions of section 12 (c) of the Surplus Property Act of 1944, as amended, shall be applicable to purchases made under this section. The Reconstruction Finance Corporation shall not purchase any surplus property pursuant to this section unless a small business had previously made application to the Reconstruction Finance Corporation for such property. The Reconstruction Finance Corporation shall not purchase any real property for resale to small business pursuant to this section in any case where any person from whom the property had been acquired by a Government agency, gives notice in writing to the Reconstruction Finance Corporation that he intends to exercise his rights under section 23 of the Surplus Property Act, as amended.

(b) The Reconstruction Finance Corporation is further authorized for the purpose of carrying out the objectives of this section to arrange for sales of surplus property to small business concerns on credit or time basis.

(c) For the purposes of this section the terms "persons," "surplus property," and "Government agency" have the same meaning as is assigned to such terms by section 3 of the Surplus Property Act of 1944, as amended.

SEC. 209. During the period between June 30, 1947, and the date of enactment of legislation making funds available for administrative expenses for the fiscal year ending June 30, 1948, the Corporation is authorized to incur, and pay out of its general funds, administrative expenses in accordance with laws in effect on June 30, 1947, such obligations and expenditures to be charged against funds when made available for administrative expenses for the fiscal year 1948.

SEC. 210. This act shall take effect as of midnight June 30, 1947.

Mr. SPENCE (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered as read and be open to amendments.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. BROWN of Georgia. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BROWN of Georgia: Page 6, after line 7, insert the following new paragraph:

"(5) To provide for original mortgagees a market for home loans guaranteed or insured



under the provisions of title III of the Servicemen's Readjustment Act of 1944, as amended, or under the provisions of the National Housing Act, as amended, by the purchase, administration, and disposition of such loans directly, or through national banks, acting as agents or as trustees."

(Mr. BROWN of Georgia asked and was granted permission to revise and extend his remarks.)

Mr. BROWN of Georgia. Mr. Chairman, I was hopeful that our fine chairman would accept this amendment.

I introduced this amendment last year and it became law. In my home county, with a population of some 25,000 people, there are two \$50,000 banks. They make loans to veterans, but they can only loan a certain amount of money, and the same situation exists in many rural areas in the United States. If they had some place to sell these GI loans, then they could serve many more veterans. We do not have any market or any other lending agencies to make or buy these loans. The amendment I offered was to create a secondary market in the Reconstruction Finance Corporation. Under the present law, the RFC is only authorized to purchase these loans and not compelled to do so. There are many veterans who cannot be served through the small banks and obtain the money that Congress provided in the GI bill of rights unless we have a market for these small banks to sell the loans. The American Legion, the Veterans of Foreign Wars, and practically all of the veterans' organizations have endorsed this amendment. The termination of the authority of the RFC to purchase veterans' loans in order to enable veterans to continue to purchase homes in many localities would be disastrous because in many of these localities there is no agency to purchase such loans. Only \$40,000,000 has been expended by the RFC in purchasing such loans, and the veterans have received some \$4,000,000,000 in the purchasing of homes.

It is true that in the large cities of this country there are other lending agencies which can purchase the loans from the banks, but in the small communities there is nobody to serve the community and serve the veterans but the small banks. There are no other lending agencies.

Mr. CARROLL. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Georgia. I yield.

Mr. CARROLL. Denver is a city of some 400,000 population. I have a telegram from the Denver Association of Home Builders, which represents those builders who are building about 90 percent of the home construction in the Denver area. They say the amendment which the gentleman has offered is vitally essential to enable the veterans to purchase homes under the existing program. So even in a city where they have larger banks and larger agencies that can purchase this paper, they say this is vitally necessary to a continuation of their home building program.

Mr. BROWN of Georgia. I thank the gentleman for his contribution.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Georgia. I yield.

Mrs. ROGERS of Massachusetts. Would the gentleman like to have inserted under extension of remarks some telegrams I have received from a dozen communities and cities and American Legion organizations asking that this amendment be agreed to?

Mr. BROWN of Georgia. I would be glad to have the lady put those in.

Mrs. ROGERS of Massachusetts. Does not the gentleman think this is adding something to the bill rather than detracting from it?

Mr. BROWN of Georgia. Well, I know that a great many soldiers cannot be accommodated. It was suggested in the Rules Committee that the Federal Reserve System might accommodate them, but they do not have the authority to buy the loans, and loans can only be put up as collateral with them, which does not relieve the small banks and place them in position to make further loans to veterans on account of the small capital stock.

The Federal Reserve would have to obtain authority to purchase these loans just as the Reconstruction Finance Corporation must have authority to do the same thing. There would be no loss to the RFC because they can turn down any and all loans they desire. They do not pay any premium for the GI loans. They would be in position to accommodate the bank that is not able to make so many loans and carry out the intention of Congress. The refusal to allow the RFC to purchase these loans is completely inconsistent with the intention of Congress as laid down in the GI bill of rights.

Now, let us be frank and tell the veterans that as long as the GI bill of rights is on the statute books we mean to serve them by these loans, and without this amendment it is impossible to do it in many communities of the United States. If you desire to amend the GI bill of rights, do that in another bill. We want to give the same treatment to all the veterans. This amendment simply gives authority to the RFC so that we can have a market to sell the loans in localities of this country where the banks cannot afford to loan more money on account of small capital stock and must get rid of some of the loans in order to accommodate more veterans. It is a great injustice to a great majority of our veterans. We must treat them all alike wherever they are located. That was the intention of the Congress in providing a way for veterans to have homes. Many communities certainly cannot serve them unless this amendment is adopted.

The CHAIRMAN. The time of the gentleman from Georgia [Mr. BROWN] has expired.

Mr. MACKINNON. Mr. Chairman, I offer a substitute amendment for the amendment offered by the gentleman from Georgia.

The Clerk read as follows:

Amendment offered by Mr. MACKINNON as a substitute for the amendment offered by Mr. BROWN of Georgia: Page 6, after line 7, and before line 8, insert a new subparagraph to read as follows:

"(5) To provide for original mortgagees a market for home loans guaranteed or insured under the provisions of Title III of the

Servicemen's Readjustment Act of 1944, as amended, by the purchase, administration, and disposition of such loans directly, or through national banks, acting as agents or as trustees."

The CHAIRMAN. The gentleman from Minnesota is recognized for 5 minutes in support of his amendment.

AUTHORITY TO PURCHASE GI LOANS SHOULD BE  
CONTINUED IN RFC

Mr. MACKINNON. Mr. Chairman, this amendment is in substantially the same form as the existing provision of the law upon which we are presently operating.

The difference between my amendment and that offered by the gentleman from Georgia is that his amendment also includes authority to purchase mortgages issued under the National Housing Act. The NHA provision refers primarily to mortgages issued under title 2 and title 6 of the National Housing Act. That phase of the amendment would be an additional power over that which was granted by the amendment offered by the gentleman from Georgia at the last session. The form of my amendment as now offered as a substitute is substantially the same as the amendment offered by the gentleman from Georgia at the last session of Congress.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. MACKINNON. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. The amendment offered is the amendment that was in the bill introduced by the gentleman from Michigan [Mr. Wolcott]. We considered that bill in the committee. I just followed his language, and added the additional language which was not there in the Wolcott amendment. In effect I copied the other amendment.

Mr. MACKINNON. That is absolutely right. Upon investigating and studying that amendment I was of the opinion that there was a strong possibility that it would throw the RFC into financing general housing construction that I am sure the Congress did not wish to give them at this time as we have other agencies for that purpose.

This amendment I am offering is limited to loans on veterans' homes authorized under the Servicemen's Readjustment Act of 1944.

Various claims will be made about this particular amendment. The thought will be expressed that possibly if we are going to continue this it ought to be done as an amendment to the GI bill of rights. If you want to do it that way I have no objection; but we are not doing it that way and if we cut this off in this bill today we are in effect amending the GI bill of rights so as to make it inoperative, and completely so, in a great many instances where the GI is a necessitous borrower. I want to drive that home. The most necessitous GI borrowers are the principal ones who will be unable to secure their credit if this provision is not adopted. Unless there is some secondary line of credit where such 100-percent loans can be disposed of, the provisions of the GI bill are not going to be implemented and we are going to deny to the most necessitous individuals in the GI group the benefits that we have



promised them in the GI bill of rights. I do not think there can be any argument about that particular proposition. I am as much opposed as any person to loose credit, but if we are going to implement the GI bill of rights in any particular its promised benefits should be made equally available to all. To make the loan guaranty effective we must adopt this amendment, because the minute this bill becomes law there will be no place that a GI can go to get the benefits that have been held out to him. I appreciate the difficulties of offering an amendment on the floor when it is opposed by the committee, but I submit that the justification for the continuation of this power is so great in view of the promises that have been made in the GI bill that we should leave no stone unturned to see that those promises are fulfilled. I thank you for your consideration and in closing I wish to point out that the veterans' organizations are strongly supporting this amendment. In support of that statement, I include a telegram from the American Legion:

WASHINGTON, D. C., June 24, 1947.

HON. GEORGE MACKINNON,  
House of Representatives:

The American Legion strongly objects to termination of authority of RFC to purchase veterans' loans as contemplated by H. R. 3916. Continuation of this authority necessary to enable veterans to continue to purchase homes. Request your cooperation in securing amendment of H. R. 3916.

JOHN THOMAS TAYLOR,  
Legislative Representative,  
American Legion.

(Mr. MACKINNON asked and was given permission to revise and extend his remarks.)

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 10 minutes and that the majority close the debate.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. Mr. Chairman, the Home Builders Association of Massachusetts, together with a representative of the American Legion, visited me this morning and expressed great concern that this would in effect nullify provisions under the GI bill of rights. I have copies of telegrams that came in to the American Legion, and will read a list of companies making loans to veterans in the various States who have expressed themselves as indicating that the extension of the authority of the RFC to purchase loans granted by the Veterans' Administration under the GI bill of rights is essential. This list is as follows:

J. C. McGee, president, Reid McGee & Co., Jackson, Miss.

W. Walter Williams, Seattle, Wash.

Joseph N. Gorson, president, Fidelity Bond & Mortgage Co., Philadelphia, Pa.

R. C. Houser, Miami, Fla.

A. H. Cadwallader, Jr., Corpus Christi, Tex. Mortgage Investment Corp., San Antonio, Tex.

Lyle H. Plant, T. J. Bettes Co., San Antonio, Tex.

B. B. Bass, vice president, American Trust Co., Oklahoma City, Okla.

Albert Mager, Mager Mortgage Co., Oklahoma City, Okla.

H. B. Moffitt, Oklahoma City, Okla.

W. R. Johnston, Oklahoma City, Okla.

Richard Gill, president, Richard, Gill Co., San Antonio, Tex.

James R. Rouse, regional vice president, Mortgage Bankers Association, Baltimore, Md.

Hill Mortgage Corp., Buffalo, N. Y.

Hubert R. Haeussler, regional vice president, Mortgage Bankers Association of America, Detroit, Mich.

Aksel Nielsen, the Title Guaranty Co., Denver, Colo.

Richard Cadwallader, national vice commander of American Legion and chairman of the national housing committee, Baton Rouge, La.

Fred M. Fuecker, department adjutant of the American Legion of Washington, Seattle, Wash.

Hayward S. Cleveland, Legionnaire, Port Washington, N. Y.

Arthur L. Marcus, Legionnaire, Greendale, Wis.

A. Clark Murdock, Legionnaire, Omaha, Nebr.

J. D. Sawyer, Legionnaire, Middletown, Ohio.

Dick Vail, Legionnaire, Fresno, Calif.

J. E. Owens, president, Carolina Housing and Mortgage Corp., Hickory, N. C.

The State of Massachusetts is tremendously interested in this matter. I see the gentleman from Massachusetts [Mr. KENNEDY] is going to speak on it. It seems to me this is really making inoperative loans under the GI bill of rights.

I hope the amendment will be adopted and some provision made to make the loan provisions of the GI bill of rights operative.

The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma [Mr. MONRONEY].

(Mr. MONRONEY asked and was given permission to revise and extend his remarks.)

Mr. MONRONEY. Mr. Chairman, this amendment is endorsed by those who I think know more about the GI housing program and in whom the Congress has more confidence than any one throughout the country.

It is endorsed by the American Legion, the Veterans of Foreign Wars and by General Bradley. The original amendment was put in at General Bradley's request last year. It also has the endorsement of the National Mortgage Association, which includes almost all of your large insurance companies, and every phase of our national economy dealing with this type of mortgage. It is also endorsed by the Home Builders Association.

Mr. Chairman, I would like to read one paragraph, if I may, from General Bradley's letter, which is too long to read in its entirety in this short period of time:

The Veterans' Administration is aware that the saturation point has been reached by many lenders for long-term mortgage commitments and there are indications that many other lenders will reach that stage. Several conferences with lender groups have demonstrated that the continuation of the

Reconstruction Finance Corporation purchase program is not only desirable but essential if veterans' needs for financing the purchase of homes are to be met.

We gave a solemn pledge to the veterans of this country that we would insure their loans by 100 percent. By this action today in shirking this authority we are running out on that pledge. Now, if the Congress wants to violate the pledge, let us do it directly, not indirectly.

Mr. KENNEDY. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from Massachusetts.

Mr. KENNEDY. Is it not a fact that while the RFC has only purchased about \$60,000,000 worth of these mortgages out of a total of \$4,000,000,000 of mortgages involved, nevertheless it does serve to give confidence to the banks that have put out these mortgages to know that the RFC and the lending power of the RFC are behind them?

Mr. MONRONEY. The gentleman is quite right. If we do not extend this lending power we are saying to all the lending institutions that the RFC has no confidence in our own paper which we are insuring in the Veterans' Administration. There is additional liability involved because the loans are insured 100 percent of value. When we furnished a market through RFC we are able to keep from any danger that the price in the market place might decline to 85 or 90 percent of their true value. I am sorry indeed that the committee did not have the time to adequately go into this matter. If they had had testimony in the hearings, I am certain that the bill would have contained this very provision.

I do ask that the committee vote for either amendment. Either amendment is just as good. The adoption of either will make sure that the veteran desiring a home will not be denied the right to adequate financing, no matter in what part of the Nation he resides. Without this amendment, many sections of the country, in fact probably in all sections, the pledge of Congress to this home financing will be nullified.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. WOLCOTT].

Mr. WOLCOTT. Mr. Chairman, this activity has increased from nothing to the point now where there is something less than \$60,000,000 outstanding. This is what the RFC is doing in this respect, and I think that it believes that we could cut off the program here now, but it is very doubtful whether we can cut this program off a year or a year and a half from now.

I will also read from General Bradley's letter to me a very significant statement:

The amount of mortgages purchased to date is small as compared with the amount anticipated. I am advised informally that the Reconstruction Finance Corporation at present is making purchase commitments at the rate of \$1,500,000 per day and the total commitments at present are approximately \$62,877,387.

Now, the total power of the Reconstruction Finance Corporation to loan is



\$2,000,000,000 under this program. Very shortly you would have exactly the same situation in reference to this loan that you have with the blanket participation. That activity grew from nothing to about \$450,000,000 in a year and a half's time. In less than 2 years' time over 50 percent of your loaning power would be in these loans. The banks have money now to make this credit available, and if these GI loans under present conditions are not good risks for the banks, then I doubt whether the Federal Government should go into them through the back door of the RFC, but should amend the Servicemen's Readjustment Act.

What happens? The Veterans' Administration guarantees a loan up to 50 percent of its value not to exceed \$4,000. The loan is not made to the veteran by the Veterans' Administration. It is made to the veteran by a bank, and the bank goes to the Veterans' Administration and gets 50 percent of that loan guaranteed up to \$4,000. What happens on an \$8,000 house? Default is made by the veteran. The Veterans' Administration immediately comes in and pays the bank \$4,000. The bank now liquidates that indebtedness through foreclosure of the \$8,000 loan to get its \$4,000 out, paying back what is left over the \$4,000 to the Veterans' Administration. Now, that is reduced proportionately. All you are doing here is to make it possible for somebody to get half of 1 percent for servicing this paper. The GI is not involved at all in this transaction. These banks can rediscount this paper at the Federal Reserve banks. They can rediscount this paper with the home loan banks. We set up 12 of them with a capitalization of \$150,000,000. They are functioning as going concerns for the very purpose of discounting this paper, and if the banks cannot sell this paper to the RFC, they can rediscount it at the home loan banks and the Federal Reserve banks. You will have a lion by the tail inside of a year that you cannot get rid of. We have to meet it head on sometime, and we should meet it before it gets out of control.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

The question is on the substitute amendment offered by the gentleman from Minnesota to the amendment offered by the gentleman from Georgia.

The question was taken; and on a division (demanded by Mr. MACKINNON) there were—ayes 35, noes 47.

So the substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia. [Mr. BROWN].

The question was taken; and on a division (demanded by Mr. BROWN of Georgia) there were—ayes 38, noes 52.

So the amendment was rejected.

Mr. WOLCOTT. Mr. Chairman, I move to strike out the last word. It is not given to many Members of the House to preside over the House or Committee at any time. I think the attention of the Committee should be called to the fact that the present occupant of the chair has a birthday today, and I am sure will receive the unanimous felicitations of the Members of the Committee.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HARNESS of Indiana, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 3916) to amend the Reconstruction Finance Corporation Act, as amended, and to extend the succession and certain lending powers and functions of the Reconstruction Finance Corporation, and for other purposes, pursuant to House Resolution 252, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. MARCANTONIO. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman from New York opposed to the bill?

Mr. MARCANTONIO. In its present form I am, Mr. Speaker.

The SPEAKER. The gentleman qualifies.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. MARCANTONIO moves to recommit the bill (H. R. 3916) to the Committee on Banking and Currency, with the recommendation it report the bill back forthwith with the following amendment: On page 6, after line 7, insert the following subsection:

"(5) To provide for original mortgagees a market for home loans guaranteed or insured under the provisions of title III of the Servicemen's Readjustment Act of 1944, as amended, by the purchase, administration, and disposition of such loans directly, or through national banks, acting as agents or as trustees."

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. MARCANTONIO) there were—ayes 37, noes 71.

Mr. MARCANTONIO. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant-at-Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—ayes 154, noes 192, not voting 83, as follows:

[Roll No. 91]

YEAS—154

Abernethy	Carroll	Doughton
Albert	Celler	Douglas
Allen, La.	Chelf	Drewry
Almond	Colmer	Durham
Andrews, Ala.	Combs	Eberharter
Barden	Cooley	Elliott
Bates, Ky.	Cooper	Engle, Calif.
Battle	Corbett	Evins
Beckworth	Courtney	Fallon
Blatnik	Cox	Feighan
Bloom	Cravens	Fisher
Boggs, La.	Crosser	Flannagan
Bonner	Davis, Ga.	Fogarty
Brooks	Davis, Tenn.	Folger
Brown, Ga.	Dawson, Utah	Forand
Bryson	Deane	Gordon
Bulwinkle	Devitt	Gore
Burleson	Donohue	Gorski
Byrne, N. Y.	Dorn	Gossett

Granger	Lynch	Rankin
Gregory	McCormack	Rayburn
Hardy	McMillan, S. C.	Redden
Harless, Ariz.	MacKinnon	Riley
Harris	Madden	Rivers
Hart	Mahon	Rogers, Fla.
Havener	Mansfield,	Rogers, Mass.
Hays	Mont.	Sadowski
Hedrick	Marcantonio	Sasser
Hobbs	Meade, Md.	Scott, Hardie
Holfield	Miller, Calif.	Sheppard
Huber	Miller, Md.	Skates
Hull	Mills	Smathers
Jackson, Wash.	Monroney	Smith, Va.
Javits	Morris	Somers
Johnson, Okla.	Murdock	Spence
Johnson, Tex.	Murray, Tenn.	Stanley
Jones, Ala.	Norton	Stigler
Jones, N. C.	O'Brien	Thomas, Tex.
Judd	O'Toole	Thomason
Karsten, Mo.	Pace	Trimble
Keating	Passman	Walter
Kee	Patman	Wheeler
Kefauver	Peden	Whitten
Kennedy	Peterson	Whittington
Kilday	Philbin	Williams
King	Pickett	Wilson, Tex.
Kirwan	Poage	Winstead
Lane	Preston	Wolverton
Larcade	Price, Fla.	Wood
Lesinski	Price, Ill.	Worley
Lucas	Priest	Zimmerman
Lyle	Rains	

NAYS—192

Allen, Calif.	Gavin	Muhlenberg
Allen, Ill.	Gearhart	Mundt
Andersen,	Gillette	Murray, Wis.
H. Carl	Gillie	Norblad
Anderson, Calif.	Goff	O'Hara
Andresen,	Goodwin	O'Konski
August H.	Graham	Owens
Andrews, N. Y.	Grant, Ind.	Patterson
Angell	Griffiths	Phillips, Tenn.
Arnold	Gross	Ploeser
Auchincloss	Gwinn, N. Y.	Plumley
Bakewell	Gwynne, Iowa	Potts
Banta	Hagen	Poulson
Barrett	Hale	Ramey
Bates, Mass.	Hall,	Reed, Ill.
Beall	Leonard W.	Rees
Bell	Hand	Reeves
Bender	Harness, Ind.	Rich
Bennett, Mo.	Herter	Riehlman
Bishop	Heseltun	Rizley
Blackney	Hinshaw	Rockwell
Boggs, Del.	Hoeven	Rohrbough
Bolton	Hoffman	Ross
Bradley	Holmes	Russell
Bramblett	Hope	Sadlak
Brehm	Horan	St. George
Brophy	Jackson, Calif.	Sanborn
Brown, Ohio	Jenkins, Ohio	Sarbacher
Buck	Jenkins, Pa.	Schwabe, Mo.
Buffett	Jennings	Schwabe, Okla.
Burke	Johnson, Ill.	Scoblick
Busbey	Johnson, Ind.	Scott,
Butler	Jones, Ohio	Hugh D., Jr.
Byrnes, Wis.	Jones, Wash.	Seely-Brown
Canfield	Jonkman	Shafer
Cannon	Kean	Short
Carson	Kearney	Simpson, Ill.
Case, N. J.	Kersten, Wis.	Simpson, Pa.
Case, S. Dak.	Knutson	Smith, Kans.
Chadwick	Kunkel	Smith, Maine
Church	Landis	Smith, Wis.
Clason	Latham	Springer
Clevenger	Lea	Stefan
Coffin	LeCompte	Stevenson
Cole, Mo.	LeFevre	Stockman
Cotton	Lewis	Sundstrom
Crawford	Lodge	Taber
Crow	Love	Talle
Cunningham	McConnell	Taylor
Curtis	McCowan	Thomas, N. J.
Dague	McDonough	Tibbott
Davis, Wis.	McDowell	Tollefson
D'Ewart	McGregor	Twyman
Dirksen	McMahon	Van Zandt
Dondero	McMillen, Ill.	Vorys
Ellis	Maloney	Vursell
Ellsworth	Martin, Iowa	Wadsworth
Elsaesser	Mathews	Weichel
Elston	Meade, Ky.	West
Engel, Mich.	Morrow	Wigglesworth
Fellows	Meyer	Wilson, Ind.
Fenton	Michener	Wolcott
Fletcher	Miller, Conn.	Woodruff
Foot	Miller, Nebr.	Youngblood
Fulton	Mitchell	
Gamble	Morton	

NOT VOTING—83

Arends	Bland	Buchanan
Bennett, Mich.	Boykin	Buckley



Camp	Harrison	Mason
Chapman	Hartley	Morgan
Chenoweth	Hébert	Morrison
Chiperfield	Heffernan	Nixon
Clark	Hendricks	Nodar
Clements	Hess	Norrell
Clippinger	Hill	Pfeifer
Cole, Kans.	Howell	Phillips, Calif.
Cole, N. Y.	Jarman	Powell
Coudert	Jenison	Rabin
Dawson, Ill.	Jensen	Rayfiel
Delaney	Johnson, Calif.	Reed, N. Y.
Dingell	Kearns	Richards
Dolliver	Keefe	Robertson
Domengeaux	Kelley	Robson
Eaton	Keogh	Rooney
Fernandez	Kerr	Sabath
Fuller	Kilburn	Scrivner
Gallagher	Klein	Smith, Ohio
Gary	Lanham	Snyder
Gathings	Lemke	Stratton
Gifford	Lusk	Teague
Grant, Ala.	McGarvey	Towe
Hall	Macy	Vail
Halleck	Edwin Arthur Manasco	Vinson
	Mansfield, Tex.	Welch

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Rooney for, with Mr. Towe against.  
 Mr. Buchanan for, with Mr. Hartley against.  
 Mr. Kelley for, with Mr. Stratton against.  
 Mr. Gathings for, with Mr. Coudert against.  
 Mr. Morrison for, with Mr. Nodar against.  
 Mr. Keogh for, with Mr. Reed of New York against.  
 Mr. Lusk for, with Mr. Clippinger against.  
 Mr. Morgan for, with Mr. Eaton against.  
 Mr. Klein for, with Mr. Dolliver against.  
 Mr. Clements for, with Mr. Fuller against.  
 Mr. Chapman for, with Mr. Halleck against.  
 Mr. Pfeifer for, with Mr. Gifford against.  
 Mr. Gary for, with Mr. Kilburn against.  
 Mr. Buckley for, with Mr. McGarvey against.  
 Mr. Heffernan for, with Mr. Macy against.  
 Mr. Delaney for, with Mr. Howell against.  
 Mr. Dingell for, with Mr. Vail against.  
 Mr. Domengeaux for, with Mr. Kearns against.  
 Mr. Richards for, with Mr. Arends against.  
 Mr. Manasco for, with Mr. Jenison against.  
 Mr. Teague for, with Mr. Hess against.

Additional general pairs:

Mr. Bennett of Michigan with Mr. Camp.  
 Mr. Cole of Kansas with Mr. Fernandez.  
 Mr. Edwin Arthur Hall with Mr. Clark.  
 Mr. Hill with Mr. Grant of Alabama.  
 Mr. Jensen with Mr. Rabin.  
 Mr. Keefe with Mr. Dawson.  
 Mr. Robson with Mr. Hébert.  
 Mr. Phillips of California with Mr. Jarman.  
 Mr. Welch with Mr. Hendricks.  
 Mr. Mason with Mr. Rayfiel.  
 Mr. Lemke with Mr. Norrell.  
 Mr. Nixon with Mr. Lanham.  
 Mr. Chiperfield with Mr. Powell.  
 Mr. Johnson of California with Mr. Sabath.  
 Mr. Chenoweth with Mr. Vinson.  
 Mr. Snyder with Mr. Kerr.  
 Mr. Smith of Ohio with Mr. Bland.  
 Mr. Robertson with Mr. Boykin.  
 Mr. Cole of New York with Mr. Mansfield of Texas.

Mr. FOLGER, Mr. EBERHARTER, Mr. CORBETT, Mr. DEVITT, Mr. HARDIE SCOTT, and Mr. WOLVERTON changed their vote from "nay" to "yea."

Mr. FULTON and Mr. D'EWART changed their vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER. The question is on the passage of the bill.

Mr. WOLCOTT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 334, nays 4, not voting 91, as follows:

[Roll No. 92]

YEAS—334

Abernethy	Engel, Mich.	Lynch
Albert	Engle, Calif.	McConnell
Allen, Calif.	Evins	McCormack
Allen, Ill.	Feighan	McCowan
Allen, La.	Fellows	McDonough
Almond	Fenton	McDowell
Andersen	Fisher	McGregor
H. Carl	Flannagan	McMahon
Anderson, Calif.	Fletcher	McMillan, S. C.
Andresen	Fogarty	McMillen, Ill.
August H.	Folger	MacKinnon
Andrews, Ala.	Foot	Madden
Andrews, N. Y.	Forand	Mahon
Angell	Fulton	Maloney
Arnold	Gamble	Mansfield, Mont.
Auchincloss	Gavin	Martin, Iowa
Bakewell	Gearhart	Mathews
Banta	Gillette	Meade, Ky.
Barden	Gille	Meade, Md.
Barrett	Goff	Morrow
Bates, Ky.	Goodwin	Meyer
Bates, Mass.	Gordon	Michener
Battle	Gore	Miller, Calif.
Beall	Gorski	Miller, Conn.
Bender	Gossett	Miller, Md.
Bennett, Mo.	Graham	Miller, Nebr.
Bishop	Granger	Mills
Blackney	Grant, Ind.	Mitchell
Biatnik	Gregory	Monroney
Bloom	Griffiths	Morris
Boggs, Del.	Gross	Morton
Boggs, La.	Gwinn, N. Y.	Muhlenberg
Bolton	Gwynne, Iowa	Mundt
Bonner	Hale	Murdock
Bradley	Hall	Murray, Tenn.
Bramblett	Leonard W.	Murray, Wis.
Brehm	Hand	Norblad
Brooks	Hardy	Norton
Brophy	Harness, Ind.	O'Brien
Brown, Ga.	Harris	O'Hara
Brown, Ohio	Hart	O'Konski
Bryson	Havenner	O'Toole
Buck	Hays	Owens
Bulwinkle	Hébert	Pace
Burke	Hedrick	Passman
Burleson	Herter	Patman
Busbey	Heslton	Patterson
Butler	Hinshaw	Peden
Byrne, N. Y.	Hobbs	Peterson
Canfield	Hoeven	Phillbin
Cannon	Hoffman	Phillips, Tenn.
Carroll	Hollfield	Pickett
Carson	Holmes	Ploeser
Case, N. J.	Horan	Plumley
Case, S. Dak.	Huber	Poage
Celmer	Hull	Potts
Chadwick	Jackson, Calif.	Poulson
Cheff	Jackson, Wash.	Preston
Church	Javits	Price, Fla.
Clasen	Jenkins, Ohio	Price, Ill.
Clevenger	Jenkins, Pa.	Priest
Coffin	Jennings	Rains
Cole, Mo.	Johnson, Ill.	Ramey
Colmer	Johnson, Ind.	Rankin
Combs	Johnson, Okla.	Rayburn
Cooley	Johnson, Tex.	Redden
Cooper	Jones, Ala.	Reed, Ill.
Corbett	Jones, N. C.	Rees
Cotton	Jones, Ohio	Reeves
Courtney	Jones, Wash.	Rich
Cox	Jonkman	Richards
Crawford	Judd	Riehlman
Crosser	Karsten, Mo.	Riley
Crow	Kearney	Rivers
Cunningham	Keating	Rockwell
Curtis	Kee	Rogers, Fla.
Dague	Kefauver	Rogers, Mass.
Davis, Ga.	Kennedy	Rohrbough
Davis, Wis.	Kersten, Wis.	Ross
Dawson, Utah	Kilday	Russell
Deane	King	Sadlak
Devitt	Kirwan	Sadowski
D'Ewart	Kunkel	St. George
Dirksen	Landis	Sanborn
Dondero	Lane	Sarbacher
Donohue	Larcade	Sasser
Dorn	Latham	Schwabe, Okla.
Doughton	Lea	Scoblick
Douglas	LeCompte	Scott, Hardie
Drewry	LeFevre	Scott, Hugh D., Jr.
Durham	Lemke	Seely-Brown
Eberharter	Lesinski	Shafer
Elliott	Lewis	Sheppard
Ellis	Lodge	Short
Ellsworth	Love	Sikes
Elsaesser	Lucas	
Elston	Lyle	

Simpson, Ill.	Taber	West
Simpson, Pa.	Taile	Wheeler
Smathers	Taylor	Whitten
Smith, Kans.	Teague	Whittington
Smith, Maine	Thomas, Tex.	Wigglesworth
Smith, Va.	Thomason	Williams
Smith, Wis.	Tibbott	Wilson, Ind.
Somers	Tollefson	Wilson, Tex.
Spence	Trimble	Winstead
Springer	Twyman	Wolcott
Stanley	Van Zandt	Wolverton
Stefan	Vorys	Wood
Stevenson	Vursell	Woodruff
Stigler	Wadsworth	Worley
Stockman	Walter	Youngblood
Sundstrom	Weichei	Zimmerman

NAYS—4

Buffett	Marcantonio	Schwabe, Mo.
Kean		

NOT VOTING—91

Arends	Gary	McGarvey
Beckworth	Gathings	Macy
Beil	Gifford	Manasco
Bennett, Mich.	Grant, Ala.	Mansfield, Tex.
Bland	Hagen	Mason
Boykin	Hall	Morgan
Buchanan	Edwin Arthur	Morrison
Buckley	Halleck	Nixon
Byrnes, Wis.	Harless, Ariz.	Nodar
Camp	Harrison	Norrell
Chapman	Hartley	Pfeifer
Chenoweth	Heffernan	Phillips, Calif.
Chiperfield	Hendricks	Powell
Clark	Hess	Rabin
Clements	Hill	Rayfiel
Clippinger	Hope	Reed, N. Y.
Cole, Kans.	Howell	Rizley
Cole, N. Y.	Jarman	Robertson
Coudert	Jenison	Robson
Cravens	Jensen	Rooney
Davis, Tenn.	Johnson, Calif.	Sabath
Dawson, Ill.	Kearns	Scrivner
Delaney	Keefe	Smith, Ohio
Dingell	Kelley	Snyder
Dolliver	Keogh	Stratton
Domengeaux	Kerr	Thomas, N. J.
Eaton	Kilburn	Towe
Fallon	Klein	Vail
Fernandez	Knutson	Vinson
Fuller	Lanham	Welch
Gallagher	Lusk	

So the bill was passed.

The Clerk announced the following pairs:

Additional general pairs:

Mr. Byrnes of Wisconsin with Mr. Beckworth.  
 Mr. Hagen with Mr. Cravens.  
 Mr. Knutson with Mr. Davis of Tennessee.  
 Mr. Rizley with Mr. Fallon.  
 Mr. Scrivner with Mr. Harless of Arizona.  
 Mr. Thomas of New Jersey with Mr. Harrison.

The result of the vote was announced as above recorded.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent to take from the Speaker's table for immediate consideration the joint resolution (S. J. Res. 135) to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the joint resolution, as follows:

*Resolved, etc., That (a) the first sentence of section 4 of the Reconstruction Finance Corporation Act, as amended, is hereby further amended by striking out "June 30, 1947" and inserting in lieu thereof "June 30, 1948"; and the first sentence of section 14 of the Reconstruction Finance Corporation Act, as amended, is hereby further amended by striking out "July 1, 1947" and inserting in lieu thereof "July 1, 1948"; and (b) section 5d of the Reconstruction Finance Corpora-*



tion Act, as amended; the act approved January 26, 1937 (50 Stat., ch. 6, p. 5), as amended; and the act approved February 11, 1937 (50 Stat., ch. 10, p. 19), as amended, are hereby further amended by striking out "June 30, 1947" wherever appearing and in each instance inserting in lieu thereof "June 30, 1948."

Mr. WOLCOTT. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Strike out all after the enacting clause and insert the provisions of the bill H. R. 2916 as passed by the House.

The amendment was agreed to.

The joint resolution was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

The bill H. R. 3916 was laid on the table.

#### EXTENSION OF REMARKS

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. REEVES asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. SCHWABE of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD in two instances and to include extraneous matter. In connection with one of them, I have submitted the material to the Public Printer and have been informed that it will exceed two pages of the RECORD and will cost \$266.25, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extensions may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

#### SPECIAL ORDER GRANTED

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that today, following any special orders heretofore granted, I may be permitted to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### CALENDAR WEDNESDAY BUSINESS

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that the business in order on tomorrow, Calendar Wednesday, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. LANDIS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks, and I ask that they be printed in the Appendix of the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

[Mr. LANDIS addressed the House. His remarks appear in the Appendix of today's RECORD.]

#### SPECIAL ORDER GRANTED

Mr. SHEPPARD. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. KING] may address the House for 30 minutes on Thursday next after the disposition of business on the Speaker's desk and the conclusion of special orders heretofore granted.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

#### EXTENSION OF REMARKS

Mr. MANSFIELD of Montana asked and was given permission to extend his remarks following the vote on the State Department informational and cultural relations bill.

Mr. MURDOCK asked and was given permission to extend his remarks in the RECORD.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to the gentleman from California [Mr. NIXON], for June 24, 25, and 26, to testify in contempt trial of Leon Josephson in New York City.

#### SPECIAL ORDER

The SPEAKER. Under previous order of the House, the gentlewoman from Massachusetts [Mrs. ROGERS] is recognized for 10 minutes.

(Mrs. ROGERS of Massachusetts asked and was given permission to revise and extend her remarks.)

#### AUTOMOBILES FOR VETERANS

Mrs. ROGERS of Massachusetts. Mr. Speaker, the hour is late but the hour approaches for the termination of the right of certain amputees and paraplegic cases to apply for automobiles. The present law expires on the 30th of June. I am going to take up the time of the House for 10 minutes.

Mr. Speaker, this bill was not endorsed entirely by the great air-fight surgeon and rehabilitation doctor, General Rusk, now medical director of the New York Times, last year, but he heartily endorses it this year and wants the inclusion of arm amputees as well as leg amputees.

The bill, H. R. 3583, introduced by the able and distinguished Member of Congress from New Jersey, Judge MATHEWS, a veteran of World War I, proposes to remove inequalities in existing law, Public Law 663, Seventy-ninth Congress, approved August 8, 1946.

Mr. Speaker, I remember during the war the rapidity with which we passed all legislation providing for the sending of jeeps abroad and all sorts of conveyances and munitions of war for these men to use in protecting our country. The men went out to their deaths; if they did not die many were disabled. Today, all this bill asks for is that those who lost their arms and legs, those who were blinded, and those who have lost the use

of their limbs can be given transportation in order that they may rehabilitate themselves. That is a very small thing to ask, Mr. Speaker. It is very little to do for these men to give them a chance to go back to work in order that they may be employed in gainful occupations. They cannot go back and forth on the streetcars. They cannot go to and from their classes in busses.

In a way, the automobiles are a sort of prosthetic appliance and were so considered when the bill passed Congress in the last session. It went through, as the Speaker knows, as a rider to the deficiency appropriation bill. It was accepted by the House and became law. That law expires on the 30th of June.

The gentleman from New Jersey [Mr. MATHEWS] in his bill asks that the amputees and paraplegic cases of World War I be included because that was discriminatory at the time and that the arm amputees and the blind be included.

Mr. Speaker, it was very discriminatory to leave out the double-arm amputees who have great difficulty in traveling in busses, streetcars, and railroad trains. They have had many falls as a result. They, too, need the transportation. Then, Mr. Speaker, the blind also need transportation. The traffic is tremendously heavy now. The traffic in the subways is very heavy. A man was leading two blind men the other day in the New York subway. The man who was leading them did not have too good vision himself. They were on the platform and walked off the platform, and all three men fell onto the tracks below and narrowly missed the live rail. Surely these groups need cars for transportation as a mean of rehabilitation.

General Bradley said that there was nothing we should not do to rehabilitate the disabled. This is something that can be done and done at once.

Mr. Speaker, this is real rehabilitation for the veterans. We have done nothing in this session of the Congress for the disabled veterans. No one in the United States wants to economize on the disabled. The time is growing short. It is time we did something for the disabled veterans. We have done things in the past but there are many inequalities to be adjusted. The veterans need their legislation this year and not next year. Are we too busy to care for these disabled this year; must we tell them to come back next year? The legislation is needed today. During the war, if we had not sent supplies over in a year or 6 months or 9 months or even 3 months, it would have been too late. It is the same with this legislation. Next year is too late, the next session of Congress is too late. If the time were not extended in filing claims under the present law it is apparent to all that an injustice will be done, because a considerable number of World War II amputees will not be discharged before July 1, 1947. There are some 200 alone at the Walter Reed Hospital, some who will not be discharged. The law requires they must be entitled to compensation to receive a car; they must be discharged before their claim can be filed and eligibility determined.







DIGEST OF  
CONGRESSIONAL PROCEEDINGS  
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
Division of Legislative Reports  
(For Department staff only)

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HIGHLIGHTS: Senate received veto message on wool bill and passed new bill without import-control provision. Senate committees reported bills to place crop insurance on limited basis, transfer Remount Service to USDA, authorize research and eradication of cattle grubs, provide for REA refinancing of TVA loans to cities, consolidate appropriation bills, create joint committee to investigate agriculture. House passed bill to continue certain allocations, priorities, and export-control powers. H. Rules cleared bill to continue export controls. House passed bill to create Commission on Organization of Executive Branch. House committees reported CCC-continuation and legislative-appropriation bills and approved veterans' Alaska settlement bill. Rep. Harrison criticized USDA's foreign food-purchase policies. House received conference report on RFC-extension bill.

SENATE

1. WOOL-PRICE SUPPORTS. Received from the President a veto message on S. 814, the wool bill (pp. 7847-8) (S. Doc. 68). The President objected to the import-control provision.  
Later passed without amendment S. 1498, a new bill, which provides for wool-price supports at 1946 levels until Dec. 31, 1948, and permits CCC to dispose of its wool stocks below parity (pp. 7866-70). Rejected a McGrath amendment to limit the support period to June 30, 1948 (pp. 7869-70).
2. CROP INSURANCE. The Agriculture and Forestry Committee reported with amendment S. 1326, to place the crop insurance program on a limited basis (S. Rept. 378) (p. 7840).
3. REMOUNT SERVICE. The Armed Services Committee reported without amendment H. R. 3484, to transfer the Remount Service from the War Department to this Department (S. Rept. 357) (p. 7840).
4. CATTLE GRUBS. The Agriculture and Forestry Committee reported without amendment S. 1249, to authorize research and eradication of cattle grubs (S. Rept. 363) (p. 7840).
5. RURAL ELECTRIFICATION. The Agriculture and Forestry Committee reported without amendment S. 1087, which authorizes REA to refinance obligations of certain cities to TVA to the extent that such indebtedness was incurred with respect to rural-electrification systems (S. Rept. 362) (p. 7840).
6. RESEARCH LAND. The Agriculture and Forestry Committee reported without amendment



H. R. 195, to authorize this Department to sell to Sitka, Alaska, a small tract formerly used as a site for agricultural research and weather service (S. Rept. 364)(p. 7840).

7. APPROPRIATIONS. The Rules and Administration Committee reported with amendments S. Con. Res. 6, to include all general appropriation bills in one consolidated general appropriation bill (S. Rept. 391)(p. 7840).

8. AGRICULTURAL INVESTIGATION. The Rules and Administration Committee reported with amendments S. Con. Res. 11, creating a joint committee to investigate certain matters affecting agriculture (S. Rept. not listed)(p. 7840).

9. CORPORATIONS. Received from the President a proposed amendment to the "general provisions" in the Government corporations budget for 1948 (S. Doc. 67); to Appropriations Committee (p. 7838). (Summary of this item will be in next Digest.)

10. FORESTRY. Received a Fla. Legislature resolution commending Forest Service for the manner in which it has activated and maintained the Apalachicola National Forest in Liberty County, Fla. (p. 7839).

11. RECONSTRUCTION FINANCE CORPORATION. Senate conferees were appointed on S. J. Res. 135, to continue RFC (pp. 7842-5).

12. AGRICULTURAL APPROPRIATION BILL. Sen. Umstead, N. C., criticized cuts in items for ACP, SCS, research, FS, REA, FHA, and school lunches in the House bill (pp. 7874-7).

13. FOOT-AND-MOUTH DISEASE. Sen. Hatch, N. Mex., inserted a telegram from the N. Mex. Cattle Growers' Association favoring additional funds for the campaign against this disease (p. 7877).

14. APPROPRIATIONS INVESTIGATIONS. Agreed to S. Res. 130 and 129, which, as amended, provide a total of \$60,000 additional for the Senate Appropriations Committee's investigations (p. 7877).

15. FLOOD CONTROL. Sen. Murray, Mont., spoke in favor of additional flood-control appropriations, mentioning the corn-crop situation as a result of floods and stating that flood damage thus interferes with foreign relief and contributes to high prices (pp. 7879-81).

#### HOUSE

16. LEGISLATIVE APPROPRIATION BILL. The Appropriations Committee reported this bill, H. R. 3993 (H. Rept. 717)(p. 7929). The bill includes funds for GPO, Library of Congress, Botanic Garden, Legislative Counsel, committee staffs, etc. The Committee report (1) indicates an intention of filling all committee-staff positions authorized by the Legislative Reorganization Act but not necessarily at the maximum salaries; (2) says the Coordinator of Information is "to provide the House with a nonpartisan, unprejudiced operation of digesting the mass of information which comes in to Members"; (3) questions the desirability of further increases in Library of Congress pending congressional decision as to whether the Library is to serve only Congress and the Government agencies or is to operate as a national library; (4) asks the Library to make a closer check of use of study rooms and tables by "scholars and researchers, including representatives of government agencies".



(5) explains that the Committee reduced Legislative Reference Service to \$300,000 (Budget estimate, \$650,000; 1947 appropriation, \$475,000) on the basis that the committee staffs would be increased, that many of the committees are not utilizing the LRS specialists to any great extent, and that the House Coordinator of Information is in the same general field of work; (6) states that the Library of Congress project for storing and distributing Government motion-picture films "will cost an amount of money out of all proportion to its value" and raised a question as to whether the Library was the appropriate agency for this function in any event; (7) partially explained a \$10,000,000 cut in GPO's working fund by stating that "there is some difficulty in securing prompt payment by departments and agencies," that the Committee "sees no valid reason why departments and agencies should not pay their printing bills within 30 days," and that GPO "could undoubtedly shorten the collection period by the simple expedient of refusing to accept requisitions for printing unless the department or agency concerned pays its bills promptly"; and (8) questioned the advisability of spending Federal funds for the Library of Congress' current legislative reference service on State legislation.

#### HOUSE

17. C.C.C. CONTINUATION. The Banking and Currency Committee reported without amendment S. 350, to continue CCC as a U.S. agency until June 30, 1948 (H.Rept. 719) (p. 7929).
18. EXPORT CONTROLS. The Rules Committee reported a resolution for the consideration of H.R. 3049, to continue the Export Control Act and direct the President to ascertain on or before Dec. 31, 1947, whether export controls should or should not be continued, such determination to be certified to Congress; to provide that upon the President's determination to discontinue, such controls should terminate within 15 days from the date of determination, except as to offences committed or rights or liabilities incurred; and to provide that in no event should controls extend beyond June 30, 1948 (p. 7929).
19. WAR POWERS; TRANSPORTATION. The Interstate and Foreign Commerce Committee reported with amendment H.R. 3152, to extend to June 30, 1948, title III of the Second War Powers Act relating to the allocation of transportation equipment (H.Rept. 710) (pp. 7883, 7929).
20. SOCIAL SECURITY; FARM LABOR. The Ways and Means Committee reported without amendment S. 1072, to extend until July 1, 1949, the period during which income from agricultural labor may be disregarded by States in making old-age assistance payments without prejudicing their rights to grants-in-aid under the Social Security Act (H.Rept. 713) (p. 7929).
21. COMMUNICATIONS. The Interstate and Foreign Commerce Committee reported without amendment S. 816, to repeal the mandatory special rate for Government telegrams; authorize the Federal Communications Commission under the Communication Act of 1934, to prescribe charges, classifications, regulations and practices, including priorities, applicable to Government telegrams; the effective date being the 10th day following the date of enactment (H.Rept. 715) (p. 7929).
22. RECONSTRUCTION FINANCE CORPORATION. Received the conference report on S.J.Res. 135, to continue RFC (pp. 7915-8). The conferees adopted the 1-year extension, as provided in the Senate version, but retained in general the House provisions extending only certain lending powers and functions of RFC. The House Version contained several provisions regarding FCA; and conference report (as explained by the House conferees), "in lieu of repealing those provisions of law in their entirety, modifies them to eliminate their application to the



23. **WAR POWERS.** Passed with amendment H.R. 3647, to extend certain powers under Title III of the Second War Powers Act (including priorities, allocations, and certain export controls (pp. 7889-901). During the debate there was considerable discussion on the need for the export controls provided for in this bill and, in addition, the continuation of the Export Control Act as provided for in H.R. 3049. Rep. Murray, Wis., offered and withdrew an amendment to authorize import and export control for wheat, flour, corn, oats, and barley (pp. 7900-1). Reps. Springer (Ind.) and Michener (Mich.) discussed Mr. Dodd's testimony before the Judiciary Committee in regard to the continuation of controls on fibre and cordage (pp. 7890-1).
24. **EXECUTIVE ORGANIZATION.** Passed without amendment H.R. 775, to establish a Commission on Organization of the Executive Branch of the Government (pp. 7918-21).
25. **ALASKA SETTLEMENT.** The "Daily Digest" states that a subcommittee of the Public Lands Committee ordered\* reported H.R. 868, to provide for homesteading in Alaska by veterans (p. D446).  
\*Copies of the bill and report will not be available until the bill is actually reported, when this Digest will include a statement to that effect.
26. **LANDS.** The Agriculture Committee ordered\* reported H.R. 2511, to authorize the Department to quitclaim 2 acres of land near Muirkirk, Md., to the Queens Chapel Methodist Church (p. D445).  
\*Copies of the bill and report will not be available until the bill is actually reported, when this Digest will include a statement to that effect.
27. **FOREIGN RELIEF; FOOD PURCHASES.** Rep. Harrison, Va., criticized USDA's policy on the purchase of food for foreign relief, referring particularly to surplus canned poultry and other canned goods, stating, "I was not able to interest Government authorities in the purchase of any of this surplus for foreign relief" (pp. 7886-7).
28. **TREASURY-POST OFFICE APPROPRIATION BILL, 1948.** Received the conference report on this bill, H.R. 2436 (pp. 7921-2).
29. **FOREIGN AFFAIRS.** Passed with amendments S. J. Res. 77, providing for membership and participation by the U.S. in the International Refugee Organization and authorizing an appropriation therefor (pp. 7901-15). As passed the measure contains the language of the House measure, H.J. Res. 207 (pp. 7915-5).
30. **RECLAMATION.** Rep. Phillips, Calif., discussed the appropriations for reclamation projects, stating that he hoped the House "would help the conferees work out a final appropriation bill for the Department of the Interior which will permit the economy of the West to be developed" (pp. 7923-8).
31. **RUBBER.** Rep. Crawford, Mich., spoke in favor of retaining the synthetic rubber industry (p. 7886).
32. **WOOL.** During the debate on H.J. Res. 207, Rep. Kersten, Wis., criticized the President's veto of S. 814, the wool price-support bill (pp. 7912-3).

#### BILLS INTRODUCED

33. **FLOOD CONTROL; SURPLUS PROPERTY.** S. 1515, by Sen. Aiken, Vt. (for himself and others), to make surplus property available for the alleviation of damage



# BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ROBERTSON of Wyoming:

S. 1498. A bill to provide support for wool, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. MAYBANK:

S. 1499. A bill providing for the conveyance to the State of South Carolina, or any political subdivision thereof, of that portion of the Fort Moultrie Military Reservation determined to be surplus to the needs of the War Department; to the Committee on Armed Services.

By Mr. SALTONSTALL:

S. 1500. A bill for the relief of Lt. Richard Park, United States Naval Reserve; and

S. 1501. A bill for the relief of W. Irving Lincoln; to the Committee on the Judiciary;

S. 1502. A bill to authorize the contribution to the International Children's Emergency Fund of the United Nations of an amount equal to the moneys received by the Selective Service System for the services of persons assigned to work of national importance under civilian direction pursuant to section 5 (g) of the Selective Training and Service Act of 1940; to the Committee on Armed Services.

By Mr. LUCAS:

S. 1503. A bill for the relief of Charles L. Bishop; to the Committee on the Judiciary.

S. 1504. A bill to amend the act entitled "An act for the confirmation of the title to the Saline lands in Jackson County, State of Illinois, to D. H. Brush, and others," approved March 2, 1861; to the Committee on Public Lands.

By Mr. DWORSHAK:

S. 1505. A bill authorizing the Secretary of Agriculture to convey certain lands in Boise, Idaho, to the Boise Chamber of Commerce; to the Committee on Agriculture and Forestry.

By Mr. LANGER:

S. 1506. A bill for the relief of Max Albrecht Blank; to the Committee on the Judiciary.

By Mr. ECTON:

S. 1507. A bill authorizing the sale of undisposed of lots in Michel Addition to the town of Polson, Mont.; to the Committee on Public Lands.

By Mr. McCARRAN (for himself and Mr. WILEY):

S. 1508. A bill to amend the act entitled "An act to express the intent of the Congress with reference to the regulation of the business of insurance," approved March 9, 1945 (59 Stat. 33); to the Committee on the Judiciary.

By Mr. BALDWIN:

S. 1509. A bill to raise the minimum wage standards of the Fair Labor Standards Act of 1938; to the Committee on Labor and Public Welfare.

By Mr. PEPPER:

S. 1510. A bill to provide every adult citizen in the United States with equal basic Federal insurance, permitting retirement with benefits at age 60, and also covering total disability, from whatever cause, for certain citizens under 60; to give protection to widows with children; to provide an ever-expanding market for goods and services through the payment and distribution of such benefits in ratio to the Nation's steadily increasing ability to produce, with the cost of such benefits to be carried by every citizen in proportion to the income privileges he enjoys; to the Committee on Finance.

S. 1511. A bill to provide additional inducements to physicians, surgeons, and dentists to make a career of the United States military, naval, and public health services, and for other purposes; to the Committee on Armed Services.

By Mr. AIKEN:

S. 1512. A bill to improve accounting within the Federal Security Administration, to authorize intra-agency transfers and consolidation of appropriations by the Federal Security Administrator, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. GURNEY:

S. 1513. A bill to authorize the appointment of Sidney F. Mashbir as a colonel, Adjutant General's Department, United States Army; to the Committee on Armed Services.

S. 1514 (by request). A bill to amend the act of Congress entitled "An act to accord free entry to bona fide gifts from members of the armed forces of the United States on duty abroad," approved December 5, 1942; to the Committee on Finance.

By Mr. AIKEN (for himself, Mr. WHERRY, Mr. FLANDERS, Mr. BUTLER, Mr. HICKENLOOPER, and Mr. FULBRIGHT):

S. 1515. A bill to make surplus property available for the alleviation of damage caused by flood or other catastrophe; to the Committee on Expenditures in the Executive Departments.

By Mr. SALTONSTALL:

S. J. Res. 137. Joint resolution for the relief of certain creditors of the Norwood Pulp & Machinery Co.; to the Committee on the Judiciary.

(Mr. VANDENBERG, from the Committee on Foreign Relations, reported an original joint resolution (S. J. Res. 138) to provide for returns of Italian property in the United States, and for other purposes, which was ordered to be placed on the calendar, and appears under a separate heading.)

## RESTRICTIONS ON TRAVEL BY AMERICAN AND FOREIGN CITIZENS

Mr. BREWSTER submitted an amendment intended to be proposed by him to the resolution (S. Res. 111) relative to modifying restrictions on travel by American and foreign citizens, which was referred to the Committee on Interstate and Foreign Commerce.

## EXTENSION OF CERTAIN POWERS OF THE PRESIDENT UNDER SECOND WAR POWERS ACT—AMENDMENT

Mr. ELLENDER submitted an amendment and Mr. THOMAS of Oklahoma submitted amendments intended to be proposed by them, respectively, to the bill (S. 1461) to extend certain powers of the President under title III of the Second War Powers Act, which were ordered to lie on the table and to be printed.

## CLAIRE M. PHILLIPS—AMENDMENT

Mr. MORSE submitted an amendment in the nature of a substitute intended to be proposed by him to the bill (S. 1295) for the relief of Mrs. Claire M. Phillips, which was referred to the Committee on the Judiciary and ordered to be printed.

## INVESTIGATION OF OPERATIONS OF POST OFFICE DEPARTMENT

Mr. BALDWIN (for himself, Mr. BUCK, Mr. FLANDERS, Mr. THYE, Mr. WILLIAMS, Mr. ECTON, Mr. CHAVEZ, Mr. O'DANIEL, Mr. UMSTEAD, and Mr. O'CONOR) submitted the following concurrent resolution (S. Con. Res. 20), which was referred to the Committee on Civil Service:

*Resolved by the Senate (the House of Representatives concurring), That the Senate Committee on Civil Service and the House Committee on Post Office and Civil Service, or any duly authorized subcommittees thereof, are hereby authorized and*

directed to make a joint study and investigation of the operations of the Post Office Department with particular reference to (1) the efficiency of the operations of the Department, (2) the existing postal rates and the extent to which each of the various types of services (including the carriage of different classes of mail) rendered by the Department is self-supporting, and (3) the necessity or desirability of changing the methods of conducting the operations of the Department and of increasing or adjusting postal rates in order to provide more economical methods of executing its functions and to eliminate the deficit resulting from operations of the Department.

SEC. 2. The committees shall report to their respective Houses, as soon as practicable during the present Congress, the results of the joint study and investigation together with such recommendations for necessary legislation or for changes in methods of operation of the Post Office Department, as they deem advisable.

SEC. 3. (a) To carry out the purposes of this resolution, the committees are authorized to sit and act at such places and times during the sessions, recesses, and adjourned periods of the Eightieth Congress; to hold such hearings; to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents; to administer such oaths; to take such testimony; to procure such printing and binding; and to make such expenditures as they deem advisable. The cost of stenographic service to report such hearings shall not be in excess of 25 cents per hundred words.

(b) In conducting the joint study and investigation, the committees are empowered to appoint and to fix the compensation of such experts, consultants, and clerical and stenographic assistants as they deem necessary and advisable, but the compensation so fixed shall not exceed the compensation prescribed under the Classification Act of 1923, as amended, for comparable duties.

(c) The expenses incurred under this resolution in conducting the joint study and investigation shall not exceed \$150,000, and shall be paid upon vouchers approved by the chairmen of the respective committees, or by any member, duly authorized by the respective chairmen. Disbursements to pay such expenses shall be made by the Secretary of the Senate out of the contingent fund of the Senate, such contingent fund to be reimbursed from the contingent fund of the House of Representatives in the amount of one-half of disbursements so made.

## AMENDMENT OF RULE RELATING TO RE- PORTING OF MEASURES BY COMMIT- TEES

Mr. GURNEY (for himself, Mr. WILEY, and Mr. AIKEN) submitted the following resolution (S. Res. 133), which was referred to the Committee on Rules and Administration:

*Resolved, That paragraph (3) of rule XXV of the Standing Rules of the Senate is amended to read as follows:*

"(3) Each standing committee is authorized to fix the number of its members (but not less than one-third of its entire membership) who shall constitute a quorum thereof for the transaction of such business as may be considered by any such committee. No measure or recommendation shall be reported from any such committee unless a majority of the members of such committee are actually present or have given proxies to a member or members of such committee.

"SEC. 2. After the date of adoption of this resolution, section 133 (d) of the Legislative Reorganization Act of 1946 shall not be effective with respect to the reporting of any measure or recommendation by any standing committee of the Senate."



## HOUSE BILLS REFERRED

The following bills were severally read twice by their titles, and referred, as indicated:

H. R. 3342. An act to enable the Government of the United States more effectively to carry on its foreign relations by means of promotion of the interchange of persons, knowledge, and skills between the people of the United States and other countries, and by means of public dissemination abroad of information about the United States, its people, and its policies; to the Committee on Foreign Relations.

H. R. 3830. An act to provide for the promotion and elimination of officers of the Army, Navy, and Marine Corps, and for other purposes; to the Committee on Armed Services.

H. R. 3911. An act to continue temporary authority of the Maritime Commission until March 1, 1948; to the Committee on Interstate and Foreign Commerce.

#### THE LABOR-MANAGEMENT RELATIONS ACT OF 1947—LETTER BY SENATOR WILEY

[Mr. WILEY asked and obtained leave to have printed in the RECORD a letter on the Labor-Management Relations Act, addressed by him to the workers of Wisconsin and working men and women of America, which appears in the Appendix.]

#### ADDRESS BY HON. BERNARD M. BARUCH BEFORE INDUSTRIAL COLLEGE OF THE ARMED FORCES

[Mr. BARKLEY asked and obtained leave to have printed in the RECORD an address delivered by Bernard M. Baruch before the Industrial College of the Armed Forces on June 26, 1947, which appears in the Appendix.]

#### LABOR LEGISLATION—ADDRESS BY JOE A. WILSON

[Mr. PEPPER asked and obtained leave to have printed in the RECORD an address on labor legislation by Joe A. Wilson, general representative of the International Printing Pressmen and Assistants' Union of North America, at the Southwest Conference of Printing Pressmen and Assistants, at Galveston, Tex., June 16, 1947, which appears in the Appendix.]

#### PRICE REDUCTION WITH INCREASED WAGES—STATEMENT BY FOWLER MCCORMICK

[Mr. O'MAHONEY asked and obtained leave to have printed in the RECORD a statement regarding reduction in prices with increases in wages, by Fowler McCormick, chairman of the board of the International Harvester Co., before the Joint Committee on the Economic Report, on June 26, 1947, which appears in the Appendix.]

#### THE INTERSTATE OIL COMPACT—ADDRESS BY HIRAM M. DOW

[Mr. HATCH asked and obtained leave to have printed in the RECORD an address delivered recently by Mr. Hiram M. Dow, one of New Mexico's leading lawyers, before the Producers' and Royalty Owners' Association, at Amarillo, Tex., on the subject of the interstate oil compact and the work of the Interstate Oil Compact Commission, which appears in the Appendix.]

#### CONSERVATION FARMING—ESSAY BY JULIAN STOUTAMYER

[Mr. BYRD asked and obtained leave to have printed in the RECORD an essay entitled "Conservation Farming," written by Julian Stoutamyer, of the elementary school of

Front Royal, Va., which appears in the Appendix.]

#### LABOR LEGISLATION—TELEGRAPH COMMENT

[Mr. MORSE asked and obtained leave to have printed in the RECORD two telegrams urging the sustaining of the President's veto of the labor bill, one from the Joint Council of Teamsters, No. 37, Phil Brady, president; the other from M. E. Steele; which appear in the Appendix.]

#### THE PALESTINE SITUATION—LETTER TO THE PRESIDENT FROM BILLY ROSE

[Mr. BREWSTER asked and obtained leave to have printed in the RECORD a letter to President Truman from Billy Rose dealing with the Palestine situation, published in the Washington Times-Herald of June 25, 1947, which appears in the Appendix.]

#### COMMUNIST INFILTRATION IN COUNTRIES SOUTH OF THE RIO GRANDE—LETTER FROM SAMUEL E. GIUDICI

[Mr. BREWSTER asked and obtained leave to have printed in the RECORD a letter addressed to him by Samuel E. Giudici, of Lima, Peru, regarding plans for preventive measures taken by the American Legion against Communist infiltration in the countries south of the Rio Grande, and resolutions pertaining thereto, which appear in the Appendix.]

#### NO LOAFERS, THEY—EDITORIAL FROM THE WILMINGTON (DEL.) JOURNAL-EVERY EVENING

[Mr. WILLIAMS asked and obtained leave to have printed in the RECORD an editorial entitled "No Loafers, They," published in the Wilmington (Del.) Journal-Every Evening of June 20, 1947, which appears in the Appendix.]

#### THE PRESIDENT'S VETO OF THE LABOR BILL—ARTICLE FROM NEW YORK TIMES

[Mr. HATCH asked and obtained leave to have printed in the RECORD an article entitled "Truman and His 'Team' Stand Up to Congress," published in the New York Times of June 22, 1947, which appears in the Appendix.]

#### LABOR-MANAGEMENT RELATIONS ACT OF 1947—EDITORIAL FROM ARKANSAS DEMOCRAT

[Mr. MCLELLAN asked and obtained leave to have printed in the RECORD an editorial entitled "Labor Reform Bill Becomes Law," published in the Arkansas Democrat of June 24, 1947, which appears in the Appendix.]

#### TO THE BOARDS OF DIRECTORS OF AMERICAN BUSINESS—EDITORIAL FROM FORTUNE MAGAZINE

[Mr. HATCH asked and obtained leave to have printed in the RECORD an editorial entitled "To the Boards of Directors of American Business," published in the June 1947 issue of Fortune magazine, which appears in the Appendix.]

#### REPORT OF NATIONAL ADVISORY COUNCIL ON INTERNATIONAL MONETARY AND FINANCIAL PROBLEMS (H. DOC. NO. 365)

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States, which was read, and with the accompanying report referred to the Committee on Banking and Currency.

(For President's message, see today's proceedings of the House of Representatives on p. 7889.)

#### EXTENSION OF RECONSTRUCTION FINANCE CORPORATION

The PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the joint resolution (S. J. Res. 135) to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation, which was to strike out all after the enacting clause and insert:

#### TITLE I—AMENDMENT TO RECONSTRUCTION FINANCE CORPORATION ACT

SECTION 1. The Reconstruction Finance Corporation Act, as amended, is hereby amended to read as follows:

"SECTION 1. There is hereby created a body corporate with the name 'Reconstruction Finance Corporation' (herein called the Corporation), with a capital stock of \$325,000,000 subscribed by the United States of America. Its principal office shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the board of directors. This act may be cited as the 'Reconstruction Finance Corporation Act.'

"SEC. 2. The management of the Corporation shall be vested in a board of directors consisting of five persons appointed by the President of the United States by and with the advice and consent of the Senate. Of the five members of the board, not more than three shall be members of any one political party and not more than one shall be appointed from any one Federal Reserve district. Each director shall devote his time principally to the business of the Corporation. The terms of the directors shall be 2 years but they may continue in office until their successors are appointed and qualified. Whenever a vacancy shall occur other than by expiration of term the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. The directors, except the chairman, shall receive salaries at the rate of \$12,500 per annum each. The chairman of the board of directors shall receive a salary at the rate of \$15,000 per annum.

"SEC. 3. (a) The Corporation shall have succession through June 30, 1949, unless it is sooner dissolved by an act of Congress. It shall have power to adopt, alter, and use a corporate seal; to make contracts; to lease or purchase such real estate as may be necessary for the transaction of its business; to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal; *Provided*, That the Corporation shall be entitled to and granted the same immunities and exemptions from the payment of costs, charges, and fees as are granted to the United States pursuant to the provisions of law codified in sections 543, 548, 555, 557, 578, and 578a of title 28 of the United States Code, 1940 edition; to select, employ, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the Corporation, in accordance with laws, applicable to the Corporation, as in effect on June 30, 1947, and as thereafter amended; and to prescribe, amend, and repeal, by its board of directors, bylaws, rules, and regulations governing the manner in which its general business may be conducted. Except as may be otherwise provided in this act, the board of directors of the Corporation shall determine the necessity for and the character and amount of its obligations and expenditures under this act and the manner in which they shall be budgeted, incurred, allowed, paid, and accounted for, without regard to the provisions of any other laws governing the



expenditure of public funds and such determinations shall be final and conclusive upon all other officers of the Government. The Corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government.

"(b) Notwithstanding any other provision of law, the right to recover compensation granted by the act approved September 7, 1916, as amended (5 U. S. C., sec. 751), shall be in lieu of, and shall be construed to abrogate, any and all other rights and remedies which any person, except for this provision, might, on account of injury or death of an employee, assert against the Corporation or any of its subsidiaries.

"SEC. 4. (a) To aid in financing agriculture, commerce, and industry, to help in maintaining the economic stability of the country and to assist in promoting maximum employment and production, the Corporation, within the limitations hereinafter provided, is authorized—

"(1) To purchase the obligations of and to make loans to any business enterprise organized or operating under the laws of any State or the United States: *Provided*, That the purchase of obligations (including equipment trust certificates) of, or the making of loans to railroads or air carriers engaged in interstate commerce or receivers or trustees thereof, shall be with the approval of the Interstate Commerce Commission or the Civil Aeronautics Board, respectively: *Provided further*, That in the case of railroads or air carriers not in receivership or trusteeship, the Commission or the Board, as the case may be, in connection with its approval of such purchases or loans, shall also certify that such railroad or air carrier, on the basis of present and prospective earnings, may be expected to meet its fixed charges without a reduction thereof through judicial reorganization except that such certificates shall not be required in the case of loans or purchases made for the acquisition of equipment or for maintenance.

"(2) To make loans to any financial institution organized under the laws of any State or of the United States.

"(3) In order to aid in financing projects authorized under Federal, State, or municipal law, to purchase the securities and obligations of, or make loans to, (A) municipalities and political subdivisions of States, (B) public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States, and (C) public corporations, boards, and commissions: *Provided*, That no such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses as distinguished from purchases and loans to aid in financing specific public projects.

"(4) To make such loans, in an aggregate amount not to exceed \$25,000,000 outstanding at any one time, as it may determine to be necessary or appropriate because of floods or other catastrophes.

"(b) No financial assistance shall be extended pursuant to paragraphs (1), (2), and (3) of subsection (a) of this section, unless the financial assistance applied for is not otherwise available on reasonable terms. All securities and obligations purchased and all loans made under paragraphs (1), (2), and (3) of subsection (a) of this section shall be of such sound value or so secured as reasonably to assure retirement or repayment and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise.

"(c) The total amount of investments, loans, purchases, and commitments made pursuant to this section 4 shall not exceed \$2,000,000,000 outstanding at any one time.

"(d) No fee or commission shall be paid by any applicant for financial assistance under

the provisions of this act in connection with any such application, and any agreement to pay or payment of any such fee or commission shall be unlawful.

"(e) No director, officer, attorney, agent, or employee of the Corporation in any manner, directly or indirectly, shall participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly interested.

"(f) The powers granted to the Corporation by this section shall terminate at the close of business on June 30, 1949, but the termination of such powers shall not be construed (1) to prohibit disbursement of funds on purchases of securities and obligations, on loans, or on commitments or agreements to make such purchases or loans, made under this act prior to the close of business on such date, or (2) to affect the validity or performance of any other agreement made or entered into pursuant to law.

"(g) As used in this act, the term 'State' includes the District of Columbia, Alaska, Hawaii, and Puerto Rico.

"SEC. 5. Section 5202 of the Revised Statutes of the United States, as amended, is hereby amended by striking out the words 'War Finance Corporation Act' and inserting in lieu thereof the words 'Reconstruction Finance Corporation Act'.

"SEC. 6. The Federal Reserve banks are authorized and directed to act as custodians and fiscal agents for the Corporation in the general performance of its powers conferred by this act and the Corporation may reimburse such Federal Reserve banks for such services in such manner as may be agreed upon.

"SEC. 7. The Corporation may issue to the Secretary of the Treasury its notes, debentures, bonds, or other such obligations in an amount outstanding at any one time sufficient to enable the Corporation to carry out its functions under this act or any other provision of law, such obligations to mature not more than 5 years from their respective dates of issue, to be redeemable at the option of the Corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the Corporation. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Corporation. The Secretary of the Treasury is authorized to purchase any obligations of the Corporation to be issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the Corporation's obligations hereunder.

"SEC. 8. The Corporation, including its franchise, capital, reserves and surplus, and its income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to special assessments for local improvements and shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed: *Provided*, That the special assessment and taxation of real property as authorized herein shall not include the taxation as real property of possessory interests, pipe lines,

power lines, or machinery or equipment owned by the Corporation regardless of their nature, use, or manner of attachment or affixation to the land, building, or other structure upon or in which the same may be located. The exemptions provided for in the preceding sentence with respect to taxation (which shall, for all purposes, be deemed to include sales, use, storage, and purchase taxes) shall be construed to be applicable not only with respect to the Corporation but also with respect to any other public corporation which is now or which may be hereafter wholly financed and wholly managed by the Corporation. Such exemptions shall also be construed to be applicable to loans made, and personal property owned by the Corporation or such other corporations, but such exemptions shall not be construed to be applicable in any State to any buildings which are considered by the laws of such State to be personal property for taxation purposes. Notwithstanding any other provision of law or any privilege or consent to tax expressly or impliedly granted thereby, the shares of preferred stock of national banking associations, and the shares of preferred stock, capital notes, and debentures of State banks and trust companies, acquired prior to July 1, 1947, by the Corporation, and the dividends or interest derived therefrom by the Corporation, shall not, so long as the Corporation shall continue to own the same, be subject to any taxation by the United States, by any Territory, dependency or possession thereof, or the District of Columbia, or by any State, county, municipality, or local taxing authority, whether now, heretofore, or hereafter imposed, levied or assessed, and whether for a past, present, or future taxing period.

"SEC. 9. In the event of termination of the powers granted to the Corporation by section 4 of this act prior to the expiration of its succession as provided in section 3, the board of directors shall, except as otherwise herein specifically authorized, proceed to liquidate its assets and wind up its affairs. It may with the approval of the Secretary of the Treasury deposit with the Treasurer of the United States as a special fund any money belonging to the Corporation or from time to time received by it in the course of liquidation, for the payment of its outstanding obligations, which fund may be drawn upon or paid out for no other purpose. Any balance remaining after the liquidation of all the Corporation's assets and after provision has been made for payment of all legal obligations shall be paid into the Treasury of the United States as miscellaneous receipts. Thereupon the Corporation shall be dissolved and its capital stock shall be canceled and retired.

"SEC. 10. If at the expiration of the succession of the Corporation, its board of directors shall not have completed the liquidation of its assets and the winding up of its affairs, the duty of completing such liquidation and winding up of its affairs shall be transferred to the Secretary of the Treasury, who for such purpose shall succeed to all the powers and duties of the board of directors under this act. In such event he may assign to any officer or officers of the United States in the Treasury Department the exercise and performance, under his general supervision and direction, of any such powers and duties. When the Secretary of the Treasury shall find that such liquidation will no longer be advantageous to the United States and that all of the Corporation's legal obligations have been provided for, he shall retire any capital stock then outstanding, pay into the Treasury as miscellaneous receipts the unused balance of the moneys belonging to the Corporation, and make a final report to the Congress. Thereupon the Corporation shall be deemed to be dissolved.

"SEC. 11. (a) Whoever makes any statement knowing it to be false, or whoever will-



fully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by removal, deferment of action or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Corporation, or for the purpose of obtaining money, property, or anything of value, under this act, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than 2 years, or both.

"(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation, or coupon, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, issued by the Corporation; or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited note, debenture bond, or other obligation, or coupon, purporting to have been issued by the Corporation, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Corporation; or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true any falsely altered or spurious note, debenture bond, or other obligation, or coupon, issued or purporting to have been issued by the Corporation, knowing the same to be falsely altered or spurious, or any person who willfully violates any other provision of this act, shall be punished by a fine of not more than \$10,000, by imprisonment for not more than 5 years, or both.

"(c) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it; or (2) with intent to defraud the Corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of or to the Corporation, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof; or (3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Corporation; or (4) gives any unauthorized information concerning any future action or plan of the corporation which might affect the value of securities, or having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company, bank, or corporation receiving loans or other assistance from the Corporation, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than 5 years, or both.

"(d) No individual, association, partnership, or corporation shall use the words 'Reconstruction Finance Corporation' or a combination of these three words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding \$1,000 or imprisonment not exceeding 1 year, or both.

"(e) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, ch. 5, secs. 202 to 207, inclusive), insofar as applicable, are extended to apply to contracts or agreements with the Corporation under this act, which for the purposes hereof shall be held to include loans, advances, discounts, and rediscunts; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

"SEC. 12. The Corporation is authorized to exercise the functions, powers, duties, and authority transferred to the Corporation by Public Law 109, Seventy-ninth Congress, approved June 30, 1945, but only with respect to programs, projects, or commitments outstanding on June 30, 1947.

"SEC. 13. If any provision of this act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of this act, and the applicability of such provision to other persons or circumstances, shall not be affected thereby."

#### TITLE II—MISCELLANEOUS

SEC. 201. No provision of this act shall be construed so as to prevent the Corporation from disbursing funds on purchases, of securities and obligations, on loans made, or on commitments or agreements to make such purchases or loans, and liabilities incurred, pursuant to law prior to the effective date of this act.

SEC. 202. The succession of United States Commercial Company, a corporation created by the Reconstruction Finance Corporation pursuant to section 5d (3) of the Reconstruction Finance Corporation Act, as amended, is hereby extended through June 30, 1948.

SEC. 203. All assets and liabilities of every kind and nature, together with all documents, books of account, and records, of The RFC Mortgage Company, a corporation organized under the laws of the State of Maryland, all the capital stock of which is owned and held by the Reconstruction Finance Corporation, shall be transferred to the Reconstruction Finance Corporation. With respect to the assets, liabilities, and records transferred, "Reconstruction Finance Corporation" for all purposes is hereby substituted for "The RFC Mortgage Company," and no suit, action, or other proceeding lawfully commenced by or against such corporation shall abate by reason of the enactment of this act, but the court, on motion or supplemental petition filed at any time within 12 months after the date of such enactment, showing a necessity for the survival of such suit, action, or other proceeding to obtain a determination of the questions involved, may allow the same to be maintained by or against the Reconstruction Finance Corporation.

SEC. 204. The Federal Loan Agency, created by Reorganization Plan No. 1 pursuant to the provisions of the Reorganization Act of 1939, approved April 3, 1939, is hereby abolished, and all its property and records are hereby transferred to the Reconstruction Finance Corporation.

SEC. 205. The Reconstruction Finance Corporation is authorized and directed to transfer as soon as practicable after the effective date of this act, to the Secretary of the Treasury, and the Secretary of the Treasury is authorized and directed to receive, all of the stock of the Federal home-loan banks held by the Reconstruction Finance Corporation. The Secretary of the Treasury shall cancel notes of the Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the par value of the stock so transferred.

SEC. 206. The following acts and portions of acts are hereby repealed:

(a) Sections 1, 201, 202, 203, 204, 205, 206, 207, 208, 209, and 211 of the Emergency Relief and Construction Act of 1932, approved July 21, 1932 (47 Stat. 709), as amended;

(b) Section 304 of the act approved March 9, 1933 (48 Stat. 1), as amended;

(c) Sections 27, 32, 36, 37, and 38 of the Emergency Farm Mortgage Act of 1933, approved May 12, 1933 (48 Stat. 41), as amended;

(d) Sections 5 and 19 (c) and the last two sentences of section 8 (b) of the Agricultural Adjustment Act, approved May 12, 1933 (48 Stat. 33), as amended;

(e) The act approved June 10, 1933 (48 Stat. 119), as amended;

(f) The last sentence of section 4 (b) of the Home Owners' Loan Act of 1933, approved June 13, 1933 (48 Stat. 129), as amended;

(g) Sections 301 and 302 of the National Industrial Recovery Act, approved June 16, 1933 (48 Stat. 195), as amended;

(h) Section 84 of the Farm Credit Act of 1933, approved June 16, 1933 (48 Stat. 257), as amended;

(i) The act approved January 20, 1934 (48 Stat. 318);

(j) The fourth paragraph of the Emergency Appropriation Act, fiscal year 1935, approved June 19, 1934 (48 Stat. 1056), and section 202 of the Public Works Administration Extension Act of 1937, approved June 29, 1937 (50 Stat. 357);

(k) Sections 10, 13, 14, 15, and 16 of the act approved June 19, 1934 (48 Stat. 1105), as amended;

(l) So much of sections 4 and 602 of the National Housing Act, approved June 27, 1934 (48 Stat. 1247), as amended, as relates to the Reconstruction Finance Corporation;

(m) The first section and sections 2, 3, 9, 11, and 13 of the act approved January 31, 1935 (49 Stat. 1), as amended;

(n) The act approved August 24, 1935 (49 Stat., ch. 646, p. 796);

(o) The act approved March 20, 1936 (49 Stat. 1185);

(p) The act approved April 10, 1936 (49 Stat., ch. 168, p. 1191);

(q) The first section of the act approved January 26, 1937 (50 Stat. 5), as amended;

(r) The act approved February 11, 1937 (50 Stat. 19), as amended;

(s) So much of section 32 (b) of the Farm Credit Act of 1937, approved August 19, 1937 (50 Stat. 703), as relates to the Reconstruction Finance Corporation and so much of section 33 (b) of the said act as relates to the payment of the expenses of corporations formed by the consolidation of two or more regional agricultural credit corporations;

(t) So much of the act approved June 25, 1938 (52 Stat. 1193), as relates to the Reconstruction Finance Corporation;

(u) Section 12 of the Federal Highway Act of 1940, approved September 5, 1940 (54 Stat. 867);

(v) Section 5 of the act approved June 10, 1941 (55 Stat. 250);

(w) The act approved October 23, 1941 (55 Stat., ch. 454, p. 744);

(x) The act approved March 27, 1942 (56 Stat., ch. 198, p. 174);

(y) The act approved June 5, 1942 (56 Stat., ch. 352, p. 326); and

(z) Sections 1 and 2 of Public Law 656, Seventy-ninth Congress, approved August 7, 1946.

SEC. 207. The liquidation of the affairs of the Smaller War Plants Corporation administered by the Reconstruction Finance Corporation pursuant to Executive Order 9665 shall be carried out by the Reconstruction Finance Corporation, notwithstanding the provisions of the last paragraph of section 5 of the First War Powers Act, 1941. The Smaller War Plants Corporation is hereby abolished.

SEC. 208. (a) The Reconstruction Finance Corporation shall have the power to purchase any surplus property for resale, subject to regulations of the War Assets Administrator or his successor, to small business when, in its judgment, such disposition is required to preserve and strengthen the competitive position of small business. The purchase of surplus property under this section shall be given priority under the Surplus Property Act of 1944, as amended, immediately following transfers to Government agencies under section 12 of such act, as amended, and disposals to veterans under section 16 of such act, as amended. The provisions of section 12 (c) of the Surplus Property Act of 1944, as amended, shall be applicable to purchases made under this section. The Reconstruction Finance Corporation shall not purchase any surplus property pursuant to this section unless a small business had previously made



application to the Reconstruction Finance Corporation for such property. The Reconstruction Finance Corporation shall not purchase any real property for resale to small business pursuant to this section in any case where any person from whom the property had been acquired by a Government agency, gives notice in writing to the Reconstruction Finance Corporation that he intends to exercise his rights under section 23 of the Surplus Property Act, as amended.

(b) The Reconstruction Finance Corporation is further authorized for the purpose of carrying out the objectives of this section to arrange for sales of surplus property to small business concerns on credit or time basis.

(c) For the purposes of this section the terms "persons," "surplus property," and "Government agency" have the same meaning as is assigned to such terms by section 3 of the Surplus Property Act of 1944, as amended.

Sec. 209. During the period between June 30, 1947, and the date of enactment of legislation making funds available for administrative expenses for the fiscal year ending June 30, 1948, the Corporation is authorized to incur, and pay out of its general funds, administrative expenses in accordance with laws in effect on June 30, 1947, such obligations and expenditures to be charged against funds when made available for administrative expenses for the fiscal year 1948.

Sec. 210. This act shall take effect as of midnight June 30, 1947.

Mr. BUCK. Mr. President, I move that the Senate disagree to the amendment of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. BUCK, Mr. CAPEHART, Mr. FLANDERS, Mr. MAYBANK, and Mr. TAYLOR conferees on the part of the Senate.

Mr. BARKLEY subsequently said: Mr. President, I have been advised by the Senator from Idaho [Mr. TAYLOR] that in view of other engagements he will not be able to act as conferee on the legislation involving the extension of the Reconstruction Finance Corporation. Therefore, I ask unanimous consent that he be excused and that the Senator from Alabama [Mr. SPARKMAN] be appointed in his place.

The PRESIDENT pro tempore. Without objection, the change is made.

#### PRESIDENTIAL SUCCESSION

The Senate resumed the consideration of the bill (S. 564) to provide for the performance of the duties of the office of President, in case of the removal, resignation, or inability both of the President and Vice President.

Mr. WHERRY. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHERRY. What is the pending business?

The PRESIDING OFFICER. The pending business is the Presidential succession bill.

Mr. WHERRY. In order for that business to be displaced there must be unanimous consent or a motion?

The PRESIDING OFFICER. The Senator is correct. Routine matters transacted by unanimous consent do not affect the status of the bill to which the Senator from Nebraska refers.

#### PERMANENT BUILDING FOR THE AMERICAN NATIONAL RED CROSS

Mr. VANDENBERG. Mr. President, will the Senator from Nebraska yield?

Mr. WHERRY. I yield.

Mr. VANDENBERG. I ask unanimous consent to report favorably from the Committee on Foreign Relations House Joint Resolution 193, to grant authority for the erection of a permanent building for the American National Red Cross, District of Columbia Chapter, Washington, D. C., and I submit a report (No. 355) thereon.

The PRESIDING OFFICER (Mr. CAIN in the chair). Is there objection? The Chair hears none, and the report will be received.

Mr. VANDENBERG. Mr. President, if the House joint resolution shall be enacted, title to the building and the property will remain in the Government of the United States. No expense is involved. The upkeep of the building will be a charge against the Red Cross.

There is great anxiety to complete certain details prior to July 1. The joint resolution has unanimously passed the House of Representatives, it has the approval of all the appropriate authorities of the District of Columbia, and I take the liberty of asking unanimous consent that the pending business be temporarily laid aside for the consideration of the joint resolution.

The PRESIDING OFFICER. Is there objection?

Mr. WHERRY. Reserving the right to object, I should be glad indeed to comply with the suggestion of the distinguished Senator from Michigan, with the understanding that no controversy will be provoked in the consideration of the measure. If there is, I think the Senator will agree with me we should proceed with the regular order.

Mr. VANDENBERG. The Senator is quite correct.

The PRESIDING OFFICER. Is there objection to the request of the senior Senator from Michigan?

There being no objection, the joint resolution (H. J. Res. 193) to grant authority for the erection of a permanent building for the American National Red Cross, District of Columbia Chapter, Washington, D. C., was considered, ordered to be engrossed for a third reading, read the third time, and passed.

#### RETURN OF ITALIAN PROPERTY IN THE UNITED STATES—REPORT OF A COMMITTEE

Mr. VANDENBERG. Mr. President, from the Committee on Foreign Relations, I ask unanimous consent to report in lieu of Senate Joint Resolution 133 an original joint resolution to provide for return of Italian property in the United States, and for other purposes, and I submit a report (No. 390) thereon.

There being no objection, the report was received, and the joint resolution (S. J. Res. 138) to provide for return of Italian property in the United States, and for other purposes, was read twice by its title, and ordered to be placed on the calendar.

#### THE LABOR-MANAGEMENT RELATIONS ACT OF 1947

Mr. IVES. Mr. President, a few days ago, on the occasion of the final debate on the Taft-Hartley labor bill, I expressed faith in the National Labor Relations Board, in the membership of the Board, and in the Board's willingness to cooperate in the administration of the new act. I felt sure, and I feel sure at this time, that there will be no question as to their desires and as to their activity in connection with that administration. I am sure that they will be 100 percent in their effort to carry it out, and to carry out the intent of the Congress in its passage.

In this connection I wish to read, because I think it should appear in the RECORD, a statement of the Board, which is very brief, indicating their desire in the matter. It reads as follows:

Yesterday the Taft-Hartley bill was proposed legislation. Today it is the Labor-Management Relations Act, the law of the land. The people's representatives having spoken, the debate is over so far as this Board is concerned.

The Congress has not only decided the policy issues, but has entrusted the effectuation of much of the new policy to the National Labor Relations Board. All who accept that trust must do so with single-minded purpose to carry out the congressional intent. Effective June 24, 1947, this Board will prepare to give the new act the fairest and most efficient administration that lies within its power.

Mr. President, that is the statement. The same night on which this statement was issued, the Chairman of the Board, Mr. Paul M. Herzog, appeared on a radio program and pledged again not only his own cooperation, but the cooperation of all the members of the Board. At that time Mr. Herzog not only made this pledge in behalf of himself and of the Board, but he also indicated his willingness to cooperate fully with the joint congressional committee which is to be appointed under the provisions of the act, to aid in carrying it out, to aid in the study of all labor relations in this country, and to ascertain not only what changes in administrative techniques may be needed in the way of implementing the new act, but also what changes may be needed in the act itself following a period of experience with its administration.

Mr. President, to me that is a fine beginning for the new act. I am sorry that there are those in this country who seem to want to take issue with it immediately, and perhaps to try to circumvent its operation.

Personally, I believe the new act can be made to work successfully. I believe we can remove whatever defects it contains. I believe that those defects need not interfere with its operation in the year 1947, and I believe that, with a proper attitude of cooperation between labor and management, out of this act we can build in this country the kind of management-labor relationship which is so essential, and which, unfortunately, has been lacking up to the present time.



# CANCELLATION OF STOCK OF FEDERAL DEPOSIT INSURANCE CORPORATION

Mr. CAPEHART. Mr. President, will the Senator from Nebraska yield?

Mr. WHERRY. For what purpose, may I ask the distinguished Senator?

Mr. CAPEHART. I desire to ask unanimous consent to take up Senate bill 1070, Calendar No. 305.

Mr. WHERRY. Mr. President, I shall be glad to comply with the request of the distinguished Senator from Indiana, if the bill will provoke no controversy. If there should be prolonged debate upon the bill, I should like to have the regular order.

Mr. CAPEHART. Mr. President, I ask unanimous consent that the Senate proceed to consider Senate bill 1070, Calendar No. 305.

The PRESIDING OFFICER. The clerk will report the bill by title.

The CHIEF CLERK. A bill (S. 1070) to provide for the cancellation of the capital stock of the Federal Deposit Insurance Corporation and the refund of moneys received for such stock, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. BUTLER. May we have an explanation of the bill?

Mr. CAPEHART. Mr. President, I want to yield to the able Senator from Michigan for an amendment to the bill. He was the original author of the bill, and I should like to hear from him.

Mr. VANDENBERG. Mr. President, I think this is a perfectly sound measure, down to section 6, on page 5. At that point I very violently disagree with the bill. Down to that point, the bill proposes to retire the Federal investment in the capital structure of the Federal Deposit Insurance Corporation, under certain safeguards. Down to that point, I think the situation is precisely as it ought to be. But, when section 6 is reached, it is proposed for the first time to classify the Federal Deposit Insurance Corporation among the other general corporations of the Government, and submit it to the jurisdiction of the Bureau of the Budget. Fundamentally, I think that is a grave error—just as grave an error as it would be to submit the Federal Reserve banking system to the jurisdiction of the Bureau of the Budget.

Furthermore, after the preceding sections of the bill have taken effect, there will cease to be a penny of Government investment in the FDIC; there will cease to be a penny of revenue involved in the operation of the FDIC; there will cease to be any capital stock; the FDIC will become a private trust, operated under public authority. I submit that the FDIC will cease to be a Government corporation, in any sense of the word, comparable with the other Government corporations, which I agree ought to be brought under the Bureau of the Budget.

The FDIC is audited by the General Accounting Office and the Comptroller General. On the board of the FDIC sits the Comptroller of the Currency. In my view, the FDIC is the most important single factor in the maintenance

of public confidence in the fiscal system of the Government of the United States, and under no circumstances should its independence, its complete, total, and utter independence, be handicapped or mortgaged by any sort of political interference; and the Bureau of the Budget is a political institution.

I submit that the experience of the country under the FDIC for the past 12 years indicates the complete necessity for the maintenance of its independence, so that it in turn may maintain without impairment the complete public confidence which America today has in its banking institutions; and I submit that when the first step has been taken toward subordinating the FDIC's independence to political administrative control, the first step has been taken in tearing down the basis of the most essential source of public confidence in our public fiscal affairs. I submit to the able Senator from Indiana that, in the spirit of the remainder of the bill, section 6 should be deleted, and the independence of this institution should be completely preserved. I shall move to strike section 6 from the bill.

Mr. CAPEHART. Mr. President, as author of the bill, I accept the amendment.

Mr. HATCH. Mr. President, reserving the right to object, was this matter submitted to the committee, or is this now a motion being made for the first time on the floor?

Mr. VANDENBERG. I appeared before the committee in connection with the remainder of the bill, at which time this particular proposition had not been proposed; therefore I had no opportunity to testify in respect to it. But it is the united opinion of the Treasury Department, of the Bureau of the Budget itself, and of the FDIC, and particularly of Mr. Crowley, expressed in a very moving message received from him a few days ago, that the independence of the FDIC must not be mortgaged in any such fashion.

Mr. HATCH. The proposition was not first acted upon by the committee?

Mr. VANDENBERG. No, it was not.

Mr. CONNALLY. If this was not considered by the committee, on whose responsibility is it being offered?

Mr. VANDENBERG. The committee considered it.

Mr. CONNALLY. As I understood the Senator, he stated that when he appeared before the committee, this matter was not before it.

Mr. VANDENBERG. It was not a part of the bill at the time I testified.

Mr. CAPEHART. Mr. President, if I may answer the inquiry of the able Senator from Texas, this was not in the bill which I originally offered. It was later put in the bill by the committee. In my opinion, the section should not be a part of the bill. I am perfectly willing to have it withdrawn, and to agree to the amendment offered by the able Senator from Michigan, because I am in hearty accord that the section should not be in the bill.

I may say further that the Chairman of the FDIC is opposed to its being in the bill. I do not know who was the author of the suggestion that the section be

placed in the bill, but certainly the opinion was not unanimous that it be put in the bill. I do not believe it is a controversial subject, so far as the committee is concerned.

Mr. President, may we have a vote on the bill?

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 1070) to provide for the cancellation of the capital stock of the Federal Deposit Insurance Corporation and the refund of moneys received for such stock, and for other purposes, which had been reported from the Committee on Banking and Currency with amendments.

The first amendment of the committee was in section 1, line 3, to strike out:

That the Federal Deposit Insurance Corporation is directed to repay to the Secretary of the Treasury, to be covered into the Treasury as miscellaneous receipts, and to each of the Federal Reserve banks the amount received, respectively, from the Secretary or from such bank for the capital stock of the Federal Deposit Insurance Corporation; and all stock and subscriptions for stock of the Federal Deposit Insurance Corporation shall be canceled upon the enactment of this act.

And insert:

That the Federal Deposit Insurance Corporation is directed to retire its capital stock by paying the amount received therefor (whether received from the Secretary of the Treasury or the Federal Reserve banks) to the Secretary of the Treasury as hereinafter provided, to be covered into the Treasury as miscellaneous receipts. As soon as practicable after the enactment of this act, the Corporation shall pay to the Secretary so much of its capital and surplus as is in excess of \$1,000,000,000. The balance of the amount to be paid to the Secretary shall be paid in units of \$10,000,000 except that the last unit to be paid may be less than \$10,000,000. Each unit shall be paid as soon as it may be paid without reducing the capital and surplus of the Corporation below \$1,000,000,000. As each payment is made a corresponding amount of the capital stock of the Corporation shall be retired and canceled and the receipt or certificate therefor shall be surrendered or endorsed to show such cancellation. The stock subscribed by the various Federal Reserve banks shall be retired and canceled, pro rata, before the stock subscribed by the Secretary is retired and canceled.

The amendment was agreed to.

The next amendment was to strike out all of section 3, as follows:

SEC. 3. Section 12B (h) (1) of the Federal Reserve Act, as amended (U. S. C., title 12, sec. 264 (h) (1)), is amended by striking out the first sentence thereof and inserting in lieu thereof the following:

"The assessment rate shall be one-twelfth of 1 percent per annum until such time as the surplus of the Corporation on the 1st day of January or July of any year may equal or exceed \$1,000,000,000; and thereafter no further assessments shall be made, except that if on the 1st day of January or July of any year the surplus of the Corporation does not exceed \$990,000,000, the Corporation is authorized to make an assessment for the 6-month period beginning on such date at a rate not in excess of one twenty-fourth of 1 percent per annum. The Corporation may, with respect to any period for which assessments are not required to be made, waive such of the reports required by this



by the United States in the activities of the Organization: *Provided*, That the provisions of section 7 of the United Nations Participation Act of 1945, and regulations thereunder, applicable to expenses incurred pursuant to that act shall be applicable to any expenses incurred pursuant to this paragraph (b) (2).

"Sec. 4. (a) Sums from the appropriations made pursuant to paragraph (a) of section 3 may be transferred to any department, agency, or independent establishment of the Government to carry out the purposes of such paragraph, and such sums shall be available for obligation and expenditure in accordance with the laws governing obligations and expenditures of the department, agency, independent establishment, or organizational unit thereof concerned, and without regard to sections 3709 and 3643 of the Revised Statutes, as amended (U. S. C., 1940 edition, title 41, sec. 5, and title 31, sec. 529).

"(b) Upon request of the Organization, any department, agency, or independent establishment of the Government (upon receipt of advancements or reimbursements for the cost and necessary expenses) may furnish supplies, or if advancements are made may procure and furnish supplies, and may furnish or procure and furnish services, to the Organization: *Provided*, That such additional civilian employees in the United States as may be required by any such department, agency, or independent establishment for the procurement or furnishing of supplies or services under this subsection, and for the services of whom such department, agency, or independent establishment is compensated by advancements or reimbursements made by the Organization, shall not be counted as civilian employees within the meaning of section 637 of the Federal Employees Pay Act of 1945, as amended by section 14 of the Federal Employees Pay Act of 1946. When reimbursement is made it shall be credited, at the option of the department, agency, or independent establishment concerned, either to the appropriation, fund, or account utilized in incurring the obligation, or to an appropriate appropriation fund, or account which is current at the time of such reimbursement.

"Sec. 5. During the interim period, if any, between July 1, 1947, and the coming into force of the constitution of the Organization, the Secretary of State is authorized from appropriations made pursuant to paragraph (a) of section 3, to make advance contributions to the Preparatory Commission for the International Refugee Organization, established pursuant to an agreement dated December 15, 1946, between the governments signatory to the constitution of the Organization, at a rate of not to exceed one-twelfth per month of the United States contribution to the Organization contemplated by paragraph (a) of section 3 hereof. Such advance contributions to the said Preparatory Commission shall be deducted from the said contribution to the Organization for the first fiscal year as provided in paragraph 6 of the said agreement. The provisions of paragraphs (a) and (b) of section 4 of this joint resolution shall be applicable, respectively, to such advance contributions and to the procurement and furnishing of supplies and services to the said Preparatory Commission."

The amendment was agreed to.

The joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### EXTENSION OF SUCCESSION, LENDING POWERS, AND FUNCTIONS OF THE RECONSTRUCTION FINANCE CORPORATION

Mr. SUNDSTROM. Mr. Speaker, I ask unanimous consent to take from the

Speaker's table Senate Joint Resolution 135, to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation, with House amendment thereto and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey. [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. WOLCOTT, GAMBLE, KUNKEL, TALLE, SPENCE, BROWN of Georgia, and PATMAN.

Mr. SUNDSTROM. Mr. Speaker, I ask unanimous consent that the conferees may have until midnight tonight to file a report on Senate Joint Resolution 135.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The conference report and statement are as follows:

#### CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the joint resolution (S. J. Res. 135) to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

#### "TITLE I—AMENDMENT TO RECONSTRUCTION FINANCE CORPORATION ACT

"SECTION 1. The Reconstruction Finance Corporation Act, as amended, is hereby amended to read as follows:

"SEC. 1. There is hereby created a body corporate with the name "Reconstruction Finance Corporation" (herein called the Corporation), with a capital stock of \$325,000,000 subscribed by the United States of America. Its principal office shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the board of directors. This act may be cited as the "Reconstruction Finance Corporation Act".

"SEC. 2. The management of the Corporation shall be vested in a board of directors consisting of five persons appointed by the President of the United States by and with the advice and consent of the Senate. Of the five members of the board, not more than three shall be members of any one political party and not more than one shall be appointed from any one Federal Reserve district. Each director shall devote his time principally to the business of the Corporation. The terms of the directors shall be 2 years but they may continue in office until their successors are appointed and qualified. Whenever a vacancy shall occur other than by expiration of term the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. The directors, except the chairman, shall receive salaries at the rate of \$12,500 per annum each. The chairman of the board of directors shall receive a salary at the rate of \$15,000 per annum.

"SEC. 3. (a) The Corporation shall have succession through June 30, 1948, unless it is sooner dissolved by an Act of Congress. It shall have power to adopt, alter, and use a corporate seal; to make contracts; to lease or purchase such real estate as may be necessary for the transaction of its business; to sue and be sued, to complain and to defend,

in any court of competent jurisdiction, State or Federal: *Provided*, That the Corporation shall be entitled to and granted the same immunities and exemptions from the payment of costs, charges, and fees as are granted to the United States pursuant to the provisions of law codified in sections 543, 548, 555, 557, 578, and 578a of title 28 of the United States Code, 1940 edition; to select, employ, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the Corporation, in accordance with laws, applicable to the Corporation, as in effect on June 30, 1947, and as thereafter amended; and to prescribe, amend, and repeal, by its board of directors, bylaws, rules, and regulations governing the manner in which its general business may be conducted. Except as may be otherwise provided in this Act or in the Government Corporation Control Act, the board of directors of the Corporation shall determine the necessity for and the character and amount of its obligations and expenditures under this Act and the manner in which they shall be incurred, allowed, paid, and accounted for, without regard to the provisions of any other laws governing the expenditure of public funds and such determinations shall be final and conclusive upon all other officers of the Government. The Corporation shall be entitled to the use of the United States mails in the same manner as the executive departments of the Government.

"(b) Notwithstanding any other provision of law, the right to recover compensation granted by the Act approved September 7, 1916, as amended (5 U. S. C., sec. 751), shall be in lieu of, and shall be construed to abrogate, any and all other rights and remedies which any person, except for this provision, might, on account of injury or death of an employee, assert against the Corporation or any of its subsidiaries.

"SEC. 4. (a) To aid in financing agriculture, commerce, and industry, to help in maintaining the economic stability of the country and to assist in promoting maximum employment and production, the Corporation, within the limitations hereinafter provided, is authorized—

"(1) To purchase the obligations of and to make loans to any business enterprise organized or operating under the laws of any State or the United States: *Provided*, That the purchase of obligations (including equipment trust certificates) of, or the making of loans to, railroads or air carriers engaged in interstate commerce or receivers or trustees thereof, shall be with the approval of the Interstate Commerce Commission or the Civil Aeronautics Board, respectively: *Provided further*, That in the case of railroads or air carriers not in receivership or trusteeship, the Commission or the Board, as the case may be, in connection with its approval of such purchases or loans, shall also certify that such railroad or air carrier, on the basis of present and prospective earnings, may be expected to meet its fixed charges without a reduction thereof through judicial reorganization except that such certificates shall not be required in the case of loans or purchases made for the acquisition of equipment or for maintenance.

"(2) To make loans to any financial institution organized under the laws of any State or of the United States.

"(3) In order to aid in financing projects authorized under Federal, State, or municipal law, to purchase the securities and obligations of, or make loans to, (A) municipalities and political subdivisions of States, (B) public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States, and (C) public corporations, boards, and commissions: *Provided*, That no such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses as distinguished from purchases and loans to aid in financing specific public projects.



"(4) To make such loans, in an aggregate amount not to exceed \$25,000,000 outstanding at any one time, as it may determine to be necessary or appropriate because of floods or other catastrophes.

"(b) No financial assistance shall be extended pursuant to paragraphs (1), (2), and (3) of subsection (a) of this section, unless the financial assistance applied for is not otherwise available on reasonable terms. All securities and obligations purchased and all loans made under paragraphs (1), (2), and (3) of subsection (a) of this section shall be of such sound value or so secured as reasonably to assure retirement or repayment and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise.

"(c) The total amount of investments, loans, purchases, and commitments made pursuant to this section 4 shall not exceed \$2,000,000,000 outstanding at any one time.

"(d) No fee or commission shall be paid by any applicant for financial assistance under the provisions of this act in connection with any such application, and any agreement to pay or payment of any such fee or commission shall be unlawful.

"(e) No director, officer, attorney, agent, or employee of the Corporation in any manner, directly or indirectly, shall participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly interested.

"(f) The powers granted to the Corporation by this section shall terminate at the close of business on June 30, 1948, but the termination of such powers shall not be construed (1) to prohibit disbursement of funds on purchases of securities and obligations, on loans, or on commitments or agreements to make such purchases or loans, made under this Act prior to the close of business on such date, or (2) to affect the validity or performance of any other agreement made or entered into pursuant to law.

"(g) As used in this Act, the term "State" includes the District of Columbia, Alaska, Hawaii, and Puerto Rico.

"SEC. 5. Section 5202 of the Revised Statutes of the United States, as amended, is hereby amended by striking out the words "War Finance Corporation Act" and inserting in lieu thereof the words "Reconstruction Finance Corporation Act".

"SEC. 6. The Federal Reserve banks are authorized and directed to act as custodians and fiscal agents for the Corporation in the general performance of its powers conferred by this Act and the Corporation may reimburse such Federal Reserve banks for such services in such manner as may be agreed upon.

"SEC. 7. The Corporation may issue to the Secretary of the Treasury its notes, debentures, bonds, or other such obligations in an amount outstanding at any one time sufficient to enable the Corporation to carry out its functions under this Act or any other provision of law, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the Corporation. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Corporation. The Secretary of the Treasury is authorized to purchase any obligations of the Corporation to be issued hereunder, and for such purpose the Secretary of the Treas-

ury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the Corporation's obligations hereunder.

"SEC. 8. The Corporation, including its franchise, capital, reserves and surplus, and its income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to special assessments for local improvements and shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed: *Provided*, That the special assessment and taxation of real property as authorized herein shall not include the taxation as real property of possessory interests, pipe lines, power lines, or machinery or equipment owned by the Corporation regardless of their nature, use, or manner of attachment or affixation to the land, building, or other structure upon or in which the same may be located. The exemptions provided for in the preceding sentence with respect to taxation (which shall, for all purposes, be deemed to include sales, use, storage, and purchase taxes) shall be construed to be applicable not only with respect to the Corporation but also with respect to any other public corporation which is now or which may be hereafter wholly financed and wholly managed by the Corporation. Such exemptions shall also be construed to be applicable to loans made, and personal property owned by the Corporation or such other corporations, but such exemptions shall not be construed to be applicable in any State to any buildings which are considered by the laws of such State to be personal property for taxation purposes. Notwithstanding any other provision of law or any privilege or consent to tax expressly or impliedly granted thereby, the shares of preferred stock of national banking associations, and the shares of preferred stock, capital notes, and debentures of State banks and trust companies, acquired prior to July 1, 1947, by the Corporation, and the dividends or interest derived therefrom by the Corporation, shall not, so long as the Corporation shall continue to own the same, be subject to any taxation by the United States, by any Territory, dependency or possession thereof, or the District of Columbia, or by any State, county, municipality, or local taxing authority, whether now, heretofore, or hereafter imposed, levied, or assessed, and whether for a past, present, or future taxing period.

"SEC. 9. In the event of termination of the powers granted to the Corporation by section 4 of this Act prior to the expiration of its succession as provided in section 3, the board of directors shall, except as otherwise herein specifically authorized, proceed to liquidate its assets and wind up its affairs. It may with the approval of the Secretary of the Treasury deposit with the Treasurer of the United States as a special fund any money belonging to the Corporation or from time to time received by it in the course of liquidation, for the payment of its outstanding obligations, which fund may be drawn upon or paid out for no other purpose. Any balance remaining after the liquidation of all the Corporation's assets and after provision has been made for payment of all legal obligations shall be paid into the Treasury of the United States as miscellaneous receipts. Thereupon the Corporation shall be dissolved and its capital stock shall be canceled and retired.

"SEC. 10. If at the expiration of the succession of the Corporation, its board of direc-

tors shall not have completed the liquidation of its assets and the winding up of its affairs, the duty of completing such liquidation and winding up of its affairs shall be transferred to the Secretary of the Treasury, who for such purpose shall succeed to all the powers and duties of the board of directors under this Act. In such event he may assign to any officer or officers of the United States in the Treasury Department the exercise and performance, under his general supervision and direction, of any such powers and duties. When the Secretary of the Treasury shall find that such liquidation will no longer be advantageous to the United States and that all of the Corporation's legal obligations have been provided for, he shall retire any capital stock then outstanding, pay into the Treasury as miscellaneous receipts the unused balance of the moneys belonging to the Corporation, and make a final report to the Congress. Thereupon the Corporation shall be deemed to be dissolved.

"SEC. 11. (a) Whoever makes any statement knowing it to be false, or who willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by removal, deferment of action or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Corporation, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

"(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation, or coupon, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, issued by the Corporation; or (2) passes, utters, or publishes, or attempts to pass, utter or publish, any false, forged or counterfeited note, debenture, bond, or other obligation, or coupon, purporting to have been issued by the Corporation, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Corporation; or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true any falsely altered or spurious note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Corporation, knowing the same to be falsely altered or spurious, or any person who willfully violates any other provision of this Act, shall be punished by a fine of not more than \$10,000, by imprisonment for not more than five years, or both.

"(c) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it; or (2) with intent to defraud the Corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of or to the Corporation, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof; or (3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Corporation; or (4) gives any unauthorized information concerning any future action or plan of the Corporation which might affect the value of securities, or having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company, bank, or corporation receiving loans or other assistance from the Corporation, shall be pun-



ished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"(d) No individual, association, partnership, or corporation shall use the words 'Reconstruction Finance Corporation' or a combination of these three words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding \$1,000 or imprisonment not exceeding one year, or both.

"(e) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, ch. 5, secs. 202 to 207, inclusive), insofar as applicable, are extended to apply to contracts or agreements with the Corporation under this Act, which for the purposes hereof shall be held to include loans, advances, discounts, and rediscounts; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

"Sec. 12. The Corporation is authorized to exercise the functions, powers, duties, and authority transferred to the Corporation by Public Law 109, Seventy-ninth Congress, approved June 30, 1945, but only with respect to programs, projects, or commitments outstanding on June 30, 1947.

"Sec. 13. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of this Act, and the applicability of such provision to other persons or circumstances, shall not be affected thereby."

#### "TITLE II—MISCELLANEOUS

"Sec. 201. No provision of this Act shall be construed so as to prevent the Corporation from disbursing funds on purchases of securities and obligations, on loans made, or on commitments or agreements to make such purchases or loans, or on liabilities incurred, pursuant to law prior to the effective date of this Act.

"Sec. 202. The succession of U. S. Commercial Company, a corporation created by the Reconstruction Finance Corporation pursuant to section 5d (3) of the Reconstruction Finance Corporation Act, as amended, is hereby extended through June 30, 1948.

"Sec. 203. All assets and liabilities of every kind and nature, together with all documents, books of account, and records, of The RFC Mortgage Company, a corporation organized under the laws of the State of Maryland, all the capital stock of which is owned and held by the Reconstruction Finance Corporation, shall be transferred to the Reconstruction Finance Corporation. With respect to the assets, liabilities, and records transferred, 'Reconstruction Finance Corporation' for all purposes is hereby substituted for 'The RFC Mortgage Company', and no suit, action, or other proceeding lawfully commenced by or against such corporation shall abate by reason of the enactment of this Act, but the court, on motion or supplemental petition filed at any time within twelve months after the date of such enactment, showing a necessity for the survival of such suit, action, or other proceeding to obtain a determination of the questions involved, may allow the same to be maintained by or against the Reconstruction Finance Corporation.

"Sec. 204. The Federal Loan Agency, created by Reorganization Plan Numbered 1 pursuant to the provisions of the Reorganization Act of 1939, approved April 3, 1939, is hereby abolished, and all its property and records are hereby transferred to the Reconstruction Finance Corporation.

"Sec. 205. The Reconstruction Finance Corporation is authorized and directed to transfer as soon as practicable after the

effective date of this Act, to the Secretary of the Treasury, and the Secretary of the Treasury is authorized and directed to receive, all of the stock of the Federal home-loan banks held by the Reconstruction Finance Corporation. The Secretary of the Treasury shall cancel notes of the Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the par value of the stock so transferred.

"Sec. 206. Section 201 (e) of the Emergency Relief and Construction Act of 1932, approved July 21, 1932 (47 Stat. 709), as amended, and section 84 of the Farm Credit Act of 1933, approved June 16, 1933 (48 Stat. 257), as amended, are hereby further amended by striking out the name 'Reconstruction Finance Corporation' wherever it appears in such sections and substituting therefor the name 'Farm Credit Administration'.

"The following Acts and portions of Acts are hereby repealed:

"(a) Sections 1, 201, except subsection (e) thereof, 202, 203, 204, 205, 206, 207, 208, 209, and 211 of the Emergency Relief and Construction Act of 1932, approved July 21, 1932 (47 Stat. 709), as amended;

"(b) Section 304 of the Act approved March 9, 1933 (48 Stat. 1), as amended;

"(c) Sections 27, 36, 37, and 38 of the Emergency Farm Mortgage Act of 1933, approved May 12, 1933 (48 Stat. 41), as amended;

"(d) Sections 5 and 19 (c) and the last two sentences of section 8 (b) of the Agricultural Adjustment Act, approved May 12, 1933 (48 Stat. 33), as amended;

"(e) The Act approved June 10, 1933 (48 Stat. 119), as amended;

"(f) The last sentence of section 4 (b) of the Home Owners' Loan Act of 1933, approved June 13, 1933 (48 Stat. 129), as amended;

"(g) Sections 301 and 302 of the National Industrial Recovery Act, approved June 16, 1933 (48 Stat. 195), as amended;

"(h) So much of section 32 of the Emergency Farm Mortgage Act of 1932 (48 Stat. 41), as amended, as authorizes or directs the Reconstruction Finance Corporation to make funds available to the Land Bank Commissioner;

"(i) The Act approved January 20, 1934 (48 Stat. 318);

"(j) The fourth paragraph of the Emergency Appropriation Act, fiscal year 1935, approved June 19, 1934 (48 Stat. 1056), and section 202 of the Public Works Administration Extension Act of 1937, approved June 29, 1937 (50 Stat. 357);

"(k) Sections 10, 13, 14, 15, and 16 of the Act approved June 19, 1934 (48 Stat. 1105), as amended;

"(l) So much of sections 4 and 602 of the National Housing Act, approved June 27, 1934 (48 Stat. 1247), as amended, as relates to the Reconstruction Finance Corporation;

"(m) The first section and sections 9, 11, and 13 of the act approved January 31, 1935 (49 Stat. 1), as amended;

"(n) The Act approved August 24, 1935 (49 Stat., ch. 646, p. 796);

"(o) The Act approved March 20, 1936 (49 Stat. 1185);

"(p) The Act approved April 10, 1936 (49 Stat., ch. 168, p. 1191);

"(q) The first section of the Act approved January 26, 1937 (50 Stat. 5), as amended;

"(r) The Act approved February 11, 1937 (50 Stat. 19), as amended;

"(s) So much of section 32 (b) of the Farm Credit Act of 1937, approved August 19, 1937 (50 Stat. 703), as relates to the Reconstruction Finance Corporation and so much of section 33 (b) of the said Act as relates to the payment of the expenses of corporations formed by the consolidation of two or more regional agricultural credit corporations;

"(t) So much of the Act approved June 25,

1938 (52 Stat. 1193), as relates to the Reconstruction Finance Corporation;

"(u) Section 12 of the Federal Highway Act of 1940, approved September 5, 1940 (54 Stat. 867);

"(v) Section 5 of the Act approved June 10, 1941 (55 Stat. 250);

"(w) The Act approved October 23, 1941 (55 Stat., ch. 454, p. 744);

"(x) The Act approved March 27, 1942 (56 Stat., ch. 198, p. 174);

"(y) The Act approved June 5, 1942 (56 Stat., ch. 352, p. 326); and

"(z) Sections 1 and 2 of Public Law 656, 79th Congress, approved August 7, 1946.

"Sec. 207. The liquidation of the affairs of the Smaller War Plants Corporation administered by the Reconstruction Finance Corporation pursuant to Executive Order 9665 shall be carried out by the Reconstruction Finance Corporation, notwithstanding the provisions of the last paragraph of section 5 of the First War Powers Act, 1941. The Smaller War Plants Corporation is hereby abolished.

"Sec. 208. (a) The Reconstruction Finance Corporation shall have the power to purchase any surplus property for resale, subject to regulations of the War Assets Administrator or his successor, to small business when, in its judgment, such disposition is required to preserve and strengthen the competitive position of small business. The purchase of surplus property under this section shall be given priority under the Surplus Property Act of 1944, as amended, immediately following transfers to Government agencies under section 12 of such Act, as amended, and disposals to veterans under section 16 of such Act, as amended. The provisions of section 12 (c) of the Surplus Property Act of 1944, as amended, shall be applicable to purchases made under this section. The Reconstruction Finance Corporation shall not purchase any real property for resale to small business pursuant to this section in any case where any person from whom the property had been acquired by a Government agency, gives notice in writing to the Reconstruction Finance Corporation that he intends to exercise his rights under section 23 of the Surplus Property Act, as amended.

"(b) The Reconstruction Finance Corporation is further authorized for the purpose of carrying out the objectives of this section to arrange for sales of surplus property to small business concerns on credit or time basis.

"(c) For the purposes of this section the terms 'persons', 'surplus property', and 'Government agency' have the same meaning as is assigned to such terms by section 3 of the Surplus Property Act of 1944, as amended.

"Sec. 209. During the period between June 30, 1947, and the date of enactment of legislation making funds available for administrative expenses for the fiscal year ending June 30, 1948, the Corporation is authorized to incur, and pay out of its general funds, administrative expenses in accordance with laws in effect on June 30, 1947, such obligations and expenditures to be charged against funds when made available for administrative expenses for the fiscal year 1948.

"Sec. 210. This Act shall take effect as of midnight June 30, 1947."

And the House agree to the same.

JESSE P. WOLCOTT,  
RALPH A. GAMBLE,  
JOHN C. KUNKEL,  
HENRY O. TALLE,  
BRENT SPENCE,  
PAUL BROWN,  
WRIGHT PATMAN,

*Managers on the Part of the House.*

C. D. BUCK,  
HOMER E. CAPEHART,  
RALPH E. FLANDERS,  
BURNET R. MAYBANK,  
JOHN SPARKMAN,

*Managers on the Part of the Senate.*



## STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the joint resolution (S. J. Res. 135) to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate joint resolution extended for 1 year the succession and the existing lending powers and functions of the Reconstruction Finance Corporation. The House amendment struck out all the Senate joint resolution after the enacting clause and inserted a substitute extending for two years the succession and certain of the lending powers and functions of the Reconstruction Finance Corporation. The joint resolution as agreed to in conference is a substitute for both the Senate joint resolution and the House amendment. Except for the differences noted below, and except for typographical and clarifying changes, the conference substitute is the same as the House amendment.

The conference substitute adopts the 1-year extension as provided in the Senate joint resolution but retains in general the provisions of the House amendment which extended only certain lending powers and functions of the Corporation.

Section 3 (a) of the Reconstruction Finance Corporation Act, as proposed by the House amendment, contained the following provision: "Except as may be otherwise provided in this Act, the board of directors of the Corporation shall determine the necessity for and the character and amount of its obligations and expenditures under this Act and the manner in which they shall be budgeted, incurred, allowed, paid, and accounted for, without regard to the provisions of any other laws governing the expenditure of public funds and such determinations shall be final and conclusive upon all other officers of the Government." The conference substitute contains the same provision, but in order to make it clear that it does not supersede the provisions of the Government Corporation Control Act the words "or in the Government Corporation Control Act" have been inserted after the words "Except as may be otherwise provided in this Act" and the word "budgeted" has been omitted.

Section 206 of the House amendment repealed, among other provisions of law, certain provisions affecting both the Reconstruction Finance Corporation and the Farm Credit Administration. The conference agreement, in lieu of repealing those provisions of law in their entirety, modifies them to eliminate their application to the Reconstruction Finance Corporation but to retain their application to the Farm Credit Administration.

Among the provisions of law repealed by section 206 were sections 2 and 3 of the Act of January 31, 1935. Section 2 provides a 1-year limitation on the disbursements following a commitment to make a loan, and section 3 authorizes the Reconstruction Finance Corporation, within its discretion, to determine the date of maturity of any loan made by it, except that certain types of loans may not be permitted to run beyond January 31, 1955. The conference agreement does not repeal these two sections.

Section 208 of the House amendment which authorized the Reconstruction Finance Corporation to make the priority purchase of surplus property for resale to small business (previously provided in sec. 18 (e) of the Surplus Property Act of 1944, as amended), contained a provision which prohibited the Corporation from purchasing any surplus property pursuant to this section unless a small business had previously made appli-

cation to the Corporation for such property. The conference substitute omits this provision.

JESSE P. WOLCOTT,  
RALPH A. GAMBLE,  
JOHN C. KUNKEL,  
HENRY O. TALLE,  
BRENT SPENCE,  
PAUL BROWN,  
WRIGHT PATMAN,

*Managers on the Part of the House.*

## EXTENSION OF REMARKS

Mrs. NORTON asked and was given permission to extend her remarks in the RECORD and include an article.

Mr. DORN asked and was given permission to extend his remarks in the RECORD and include a statement he made before the Appropriations Committee on the Clark-Hill Dam.

## CORRECTION OF ROLL CALL

Mr. BATES of Kentucky. Mr. Speaker, on roll call No. 90 I am recorded as being absent. I was present and voted "yea." I ask unanimous consent that the RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

## EXTENSION OF REMARKS

Mr. HAVENNER asked and was given permission to extend his remarks in the RECORD and include a letter and a newspaper article.

## COMMISSION ON ORGANIZATION OF THE EXECUTIVE BRANCH OF THE GOVERNMENT

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 775) for the establishment of the Commission on Organization of the Executive Branch of the Government.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. McCORMACK. Mr. Speaker, reserving the right, and I shall not object, this resolution was introduced by the gentleman from Ohio [Mr. Brown], and was unanimously reported by the Committee on Expenditures in the Executive Departments. It is a resolution from which very beneficial results may develop, although so far as the Congress itself doing any reorganizing of executive departments of Government is concerned there has never been a successful bill passed in the entire history of our country. A number of commissions have been appointed in the past by the Congress upon recommendation of previous Presidents, but none of the recommendations ever made by those commissions were enacted into law so far as I can ascertain as far as the Congress itself was concerned.

Back several years ago the present system of permitting the executive branch to make the organization subject to disapproval—I think the first step was approval of the Congress, and now disapproval within 60 days—was put into operation, and there have been to a limited extent some reorganizations put through under the existing law. The Members on both sides of the committee

feel that it is worth taking another chance. We have confidence in the gentleman from Ohio [Mr. Brown]. I do not know whether he will be a member of the committee or not. Of course, it is not within my prerogative to express other than the hope that he will be, because his personality and his dynamic influence causes me, as a member of the committee, to feel that such a commission with him on it might accomplish more than any other commission heretofore appointed by the Congress.

Bearing upon the history of reorganization in this country a very comprehensive letter was sent to the chairman of the committee by our former colleague, Hon. Lindsay Warren. It is a very interesting letter, one that I think ought to be incorporated in the RECORD for the information of the Members and for the guidance of the members of this Commission when this resolution passes and the members of the Commission are appointed.

Mr. Speaker, I ask unanimous consent that the letter from the Comptroller General of the United States to the chairman of our committee be included at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. The letter reads as follows:

COMPTROLLER GENERAL OF THE  
UNITED STATES,  
Washington, May 21, 1947.

Hon. CLARE E. HOFFMAN,  
Chairman, Committee on Expenditures  
in the Executive Departments,  
House of Representatives.

MY DEAR MR. CHAIRMAN: Further reference is made to a letter of March 19, 1947, from the clerk of your committee, requesting a report on H. R. 775, Eightieth Congress, entitled "A bill for the establishment of the Commission on Organization of the Executive Branch of the Government."

The bill declares that it is the policy of Congress to promote economy, efficiency, and improved service in the transaction of business in the executive branch of the Government by (1) limiting expenditures to the lowest amount consistent with efficient performance; (2) eliminating duplication and overlapping of services, activities and functions; (3) consolidating services, activities and functions of a similar nature; (4) abolishing services, activities and functions not necessary to the efficient conduct of Government; and (5) defining and limiting executive functions, services and activities. A bipartisan commission of public and private representatives, chosen by the President and the presiding officers of the House and the Senate, would be established to study and investigate the present organization and methods of operation of all departments, bureaus, agencies, boards, commissions, offices, independent establishments, and instrumentalities of the executive branch of the Government. The commission would determine what changes are necessary to effectuate the policies enumerated and report its findings and recommendations to the Congress within 10 days after the Eighty-first Congress is convened, after which it would cease to exist.

The purpose for and need of such legislation is discussed by Senator LODGE—who has introduced an identical bill, S. 164, in the Senate—at pages 282 and 283 of the CONGRESSIONAL RECORD for January 13, 1947, and at pages 1639 to 1642 of the CONGRESSIONAL RECORD for March 3, 1947. Apparently, it



## RECONSTRUCTION FINANCE CORPORATION ACT

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JUNE 26, 1947.—Ordered to be printed

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Mr. WOLCOTT, from the committee of conference, submitted  
the following

### CONFERENCE REPORT

[To accompany S. J. Res. 135]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the joint resolution (S. J. Res. 135) to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

#### TITLE I—AMENDMENT TO RECONSTRUCTION FINANCE CORPORATION ACT

*SECTION 1. The Reconstruction Finance Corporation Act, as amended, is hereby amended to read as follows:*

*"SEC. 1. There is hereby created a body corporate with the name 'Reconstruction Finance Corporation' (therein called the Corporation), with a capital stock of \$325,000,000 subscribed by the United States of America. Its principal office shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the board of directors. This Act may be cited as the 'Reconstruction Finance Corporation Act'.*

*"SEC. 2. The management of the Corporation shall be vested in a board of directors consisting of five persons appointed by the President of the United States by and with the advice and consent of the Senate. Of the five members of the board, not more than three shall be members of any one political party and not more than one shall be appointed from any one Federal Reserve district. Each director shall devote his time principally to the business of the Corporation. The terms of the directors*



shall be two years but they may continue in office until their successors are appointed and qualified. Whenever a vacancy shall occur other than by expiration of term the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. The directors, except the chairman, shall receive salaries at the rate of \$12,500 per annum each. The chairman of the board of directors shall receive a salary at the rate of \$15,000 per annum.

"SEC. 3. (a) The Corporation shall have succession through June 30, 1948, unless it is sooner dissolved by an Act of Congress. It shall have power to adopt, alter, and use a corporate seal; to make contracts; to lease or purchase such real estate as may be necessary for the transaction of its business, to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal: Provided, That the Corporation shall be entitled to and granted the same immunities and exemptions from the payment of costs, charges, and fees as are granted to the United States pursuant to the provisions of law codified in sections 543, 548, 555, 557, 578, and 578a of title 28 of the United States Code, 1940 edition, to select, employ, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the Corporation, in accordance with laws, applicable to the Corporation, as in effect on June 30, 1947, and as thereafter amended; and to prescribe, amend, and repeal, by its board of directors, bylaws, rules, and regulations governing the manner in which its general business may be conducted. Except as may be otherwise provided in this Act or in the Government Corporation Control Act, the board of directors of the Corporation shall determine the necessity for and the character and amount of its obligations and expenditures under this Act and the manner in which they shall be incurred, allowed, paid, and accounted for, without regard to the provisions of any other laws governing the expenditure of public funds and such determinations shall be final and conclusive upon all other officers of the Government. The Corporation shall be entitled to the use of the United States mails in the same manner as the executive departments of the Government.

"(b) Notwithstanding any other provision of law, the right to recover compensation granted by the Act approved September 7, 1916, as amended (5 U. S. C., sec. 751), shall be in lieu of, and shall be construed to abrogate, any and all other rights and remedies which any person, except for this provision, might, on account of injury or death of an employee, assert against the Corporation or any of its subsidiaries.

"SEC. 4. (a) To aid in financing agriculture, commerce, and industry, to help in maintaining the economic stability of the country and to assist in promoting maximum employment and production, the Corporation, within the limitations hereinafter provided, is authorized—

"(1) To purchase the obligations of and to make loans to any business enterprise organized or operating under the laws of any State or the United States: Provided, That the purchase of obligations (including equipment trust certificates) of, or the making of loans to, railroads or air carriers engaged in interstate commerce or receivers or trustees thereof, shall be with the approval of the Interstate Commerce Commission or the Civil Aeronautics Board, respectively: Provided further, That in the case of railroads or air carriers not in receivership or trusteeship, the Commission or the Board, as the case may be, in connection with its approval of such purchases or loans, shall also certify that such railroad or air carrier, on the basis of

present and prospective earnings, may be expected to meet its fixed charges without a reduction thereof through judicial reorganization except that such certificates shall not be required in the case of loans or purchases made for the acquisition of equipment or for maintenance.

"(2) To make loans to any financial institution organized under the laws of any State or of the United States:

"(3) In order to aid in financing projects authorized under Federal, State, or municipal law, to purchase the securities and obligations of, or make loans to, (A) municipalities and political subdivisions of States, (B) public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States, and (C) public corporations, boards, and commissions: Provided, That no such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses as distinguished from purchases and loans to aid in financing specific public projects.

"(4) To make such loans, in an aggregate amount not to exceed \$25,000,000 outstanding at any one time, as it may determine to be necessary or appropriate because of floods or other catastrophes.

"(b) No financial assistance shall be extended pursuant to paragraphs (1), (2), and (3) of subsection (a) of this section, unless the financial assistance applied for is not otherwise available on reasonable terms. All securities and obligations purchased and all loans made under paragraphs (1), (2), and (3) of subsection (a) of this section shall be of such sound value or so secured as reasonably to assure retirement or repayment and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise.

"(c) The total amount of investments, loans, purchases, and commitments made pursuant to this section 4 shall not exceed \$2,000,000,000 outstanding at any one time.

"(d) No fee or commission shall be paid by any applicant for financial assistance under the provisions of this Act in connection with any such application, and any agreement to pay or payment of any such fee or commission shall be unlawful.

"(e) No director, officer, attorney, agent, or employee of the Corporation in any manner, directly or indirectly, shall participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly interested.

"(f) The powers granted to the Corporation by this section shall terminate at the close of business on June 30, 1948, but the termination of such powers shall not be construed (1) to prohibit disbursement of funds on purchases of securities and obligations, on loans, or on commitments or agreements to make such purchases or loans, made under this Act prior to the close of business on such date, or (2) to affect the validity or performance of any other agreement made or entered into pursuant to law.

"(g) As used in this Act, the term 'State' includes the District of Columbia, Alaska, Hawaii, and Puerto Rico.

"SEC. 5. Section 5202 of the Revised Statutes of the United States, as amended, is hereby amended by striking out the words 'War Finance Corporation Act' and inserting in lieu thereof the words 'Reconstruction Finance Corporation Act'.



"SEC. 6. The Federal Reserve banks are authorized and directed to act as custodians and fiscal agents for the Corporation in the general performance of its powers conferred by this Act and the Corporation may reimburse such Federal Reserve banks for such services in such manner as may be agreed upon.

"SEC. 7. The Corporation may issue to the Secretary of the Treasury its notes, debentures, bonds, or other such obligations in an amount outstanding at any one time sufficient to enable the Corporation to carry out its functions under this Act or any other provision of law, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the Corporation. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Corporation. The Secretary of the Treasury is authorized to purchase any obligations of the Corporation to be issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the Corporation's obligations hereunder.

"SEC. 8. The Corporation, including its franchise, capital, reserves and surplus, and its income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to special assessments for local improvements and shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed: Provided, That the special assessment and taxation of real property as authorized herein shall not include the taxation as real property of possessory interests, pipe lines, power lines, or machinery or equipment owned by the Corporation regardless of their nature, use, or manner of attachment or affixation to the land, building, or other structure upon or in which the same may be located. The exemptions provided for in the preceding sentence with respect to taxation (which shall, for all purposes, be deemed to include sales, use, storage, and purchase taxes) shall be construed to be applicable not only with respect to the Corporation but also with respect to any other public corporation which is now or which may be hereafter wholly financed and wholly managed by the Corporation. Such exemptions shall also be construed to be applicable to loans made, and personal property owned by the Corporation or such other corporations, but such exemptions shall not be construed to be applicable in any State to any buildings which are considered by the laws of such State to be personal property for taxation purposes. Notwithstanding any other provision of law or any privilege or consent to tax expressly or impliedly granted thereby, the shares of preferred stock of national banking associations, and the shares of preferred stock, capital notes, and debentures of State banks and trust companies, acquired prior to July 1, 1947, by the Corporation, and the dividends or interest derived therefrom by the Corporation, shall not, so

long as the Corporation shall continue to own the same, be subject to any taxation by the United States, by any Territory, dependency or possession thereof, or the District of Columbia, or by any State, county, municipality, or local taxing authority, whether now, heretofore, or hereafter imposed, levied, or assessed, and whether for a past, present, or future taxing period.

"SEC. 9. In the event of termination of the powers granted to the Corporation by section 4 of this Act prior to the expiration of its succession as provided in section 3, the board of directors shall, except as otherwise herein specifically authorized, proceed to liquidate its assets and wind up its affairs. It may with the approval of the Secretary of the Treasury deposit with the Treasurer of the United States as a special fund any money belonging to the Corporation or from time to time received by it in the course of liquidation, for the payment of its outstanding obligations, which fund may be drawn upon or paid out for no other purpose. Any balance remaining after the liquidation of all the Corporation's assets and after provision has been made for payment of all legal obligations shall be paid into the Treasury of the United States as miscellaneous receipts. Thereupon the Corporation shall be dissolved and its capital stock shall be canceled and retired.

SEC. 10. If at the expiration of the succession of the Corporation, its board of directors shall not have completed the liquidation of its assets and the winding up of its affairs, the duty of completing such liquidation and winding up of its affairs shall be transferred to the Secretary of the Treasury, who for such purpose shall succeed to all the powers and duties of the board of directors under this Act. In such event he may assign to any officer or officers of the United States in the Treasury Department the exercise and performance, under his general supervision and direction, of any such powers and duties. When the Secretary of the Treasury shall find that such liquidation will no longer be advantageous to the United States and that all of the Corporation's legal obligations have been provided for, he shall retire any capital stock then outstanding, pay into the Treasury as miscellaneous receipts the unused balance of the moneys belonging to the Corporation, and make a final report to the Congress. Thereupon the Corporation shall be deemed to be dissolved.

"SEC. 11. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by removal, deferment of action or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Corporation, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

"(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation, or coupon, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, issued by the Corporation; or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited note, debenture, bond, or other obligation, or coupon, purporting to have been issued by the Corporation, knowing the same to be false, forged, or counterfeited; or (3) falsely



alters any note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Corporation; or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true any falsely altered or spurious note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Corporation, knowing the same to be falsely altered or spurious, or any person who willfully violates any other provision of this Act, shall be punished by a fine of not more than \$10,000, by imprisonment for not more than five years, or both.

“(c) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it; or (2) with intent to defraud the Corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of or to the Corporation, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof; or (3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Corporation; or (4) gives any unauthorized information concerning any future action or plan of the Corporation which might affect the value of securities, or having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company, bank, or corporation receiving loans or other assistance from the Corporation, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

“(d) No individual, association, partnership, or corporation shall use the words ‘Reconstruction Finance Corporation’ or a combination of these three words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding \$1,000 or imprisonment not exceeding one year, or both.

“(e) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, ch. 5, secs. 202 to 207, inclusive), insofar as applicable, are extended to apply to contracts or agreements with the Corporation under this Act, which for the purposes hereof shall be held to include loans, advances, discounts, and rediscounts; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

“SEC. 12. The Corporation is authorized to exercise the functions, powers, duties, and authority transferred to the Corporation by Public Law 109, Seventy-ninth Congress, approved June 30, 1945, but only with respect to programs, projects, or commitments outstanding on June 30, 1947.

“SEC. 13. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of this Act, and the applicability of such provision to other persons or circumstances, shall not be affected thereby.”

## TITLE II—MISCELLANEOUS

SEC. 201. No provision of this Act shall be construed so as to prevent the Corporation from disbursing funds on purchases of securities and obligations, on loans made, or on commitments or agreements to make such purchases or loans, or on liabilities incurred, pursuant to law prior to the effective date of this Act.

SEC. 202. The succession of U. S. Commercial Company, a corporation created by the Reconstruction Finance Corporation pursuant to section 5d (3) of the Reconstruction Finance Corporation Act, as amended, is hereby extended through June 30, 1948.

SEC. 203. All assets and liabilities of every kind and nature, together with all documents, books of account, and records, of The RFC Mortgage Company, a corporation organized under the laws of the State of Maryland, all the capital stock of which is owned and held by the Reconstruction Finance Corporation, shall be transferred to the Reconstruction Finance Corporation. With respect to the assets, liabilities, and records transferred, "Reconstruction Finance Corporation" for all purposes is hereby substituted for "The RFC Mortgage Company", and no suit, action, or other proceeding lawfully commenced by or against such corporation shall abate by reason of the enactment of this Act, but the court, on motion or supplemental petition filed at any time within twelve months after the date of such enactment, showing a necessity for the survival of such suit, action, or other proceeding to obtain a determination of the questions involved, may allow the same to be maintained by or against the Reconstruction Finance Corporation.

SEC. 204. The Federal Loan Agency, created by Reorganization Plan Numbered 1 pursuant to the provisions of the Reorganization Act of 1939, approved April 3, 1939, is hereby abolished, and all its property and records are hereby transferred to the Reconstruction Finance Corporation.

SEC. 205. The Reconstruction Finance Corporation is authorized and directed to transfer as soon as practicable after the effective date of this Act, to the Secretary of the Treasury, and the Secretary of the Treasury is authorized and directed to receive, all of the stock of the Federal home-loan banks held by the Reconstruction Finance Corporation. The Secretary of the Treasury shall cancel notes of the Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the par value of the stock so transferred.

SEC. 206. Section 201 (e) of the Emergency Relief and Construction Act of 1932, approved July 21, 1932 (47 Stat. 709), as amended, and section 84 of the Farm Credit Act of 1933, approved June 16, 1933 (48 Stat. 257), as amended, are hereby further amended by striking out the name "Reconstruction Finance Corporation" wherever it appears in such sections and substituting therefor the name "Farm Credit Administration".

The following Acts and portions of Acts are hereby repealed:

(a) Sections 1, 201 (except subsection (e) thereof), 202, 203, 204, 205, 206, 207, 208, 209, and 211 of the Emergency Relief and Construction Act of 1932, approved July 21, 1932 (47 Stat. 709), as amended;

(b) Section 304 of the Act approved March 9, 1933 (48 Stat. 1), as amended;



(c) Sections 27, 36, 37, and 38 of the *Emergency Farm Mortgage Act of 1933*, approved May 12, 1933 (48 Stat. 41), as amended;

(d) Sections 5 and 19 (c) and the last two sentences of section 8 (b) of the *Agricultural Adjustment Act*, approved May 12, 1933 (48 Stat. 33), as amended;

(e) The Act approved June 10, 1933 (48 Stat. 119), as amended;

(f) The last sentence of section 4 (b) of the *Home Owners' Loan Act of 1933*, approved June 13, 1933 (48 Stat. 129), as amended;

(g) Sections 301 and 302 of the *National Industrial Recovery Act*, approved June 16, 1933 (48 Stat. 195), as amended;

(h) So much of section 32 of the *Emergency Farm Mortgage Act of 1932* (48 Stat. 41), as amended, as authorizes or directs the *Reconstruction Finance Corporation* to make funds available to the *Land Bank Commissioner*;

(i) The Act approved January 20, 1934 (48 Stat. 318);

(j) The fourth paragraph of the *Emergency Appropriation Act*, fiscal year 1935, approved June 19, 1934 (48 Stat. 1056), and section 202 of the *Public Works Administration Extension Act of 1937*, approved June 29, 1937 (50 Stat. 357);

(k) Sections 10, 13, 14, 15, and 16 of the Act approved June 19, 1934 (48 Stat. 1105), as amended;

(l) So much of sections 4 and 602 of the *National Housing Act*, approved June 27, 1934 (48 Stat. 1247), as amended, as relates to the *Reconstruction Finance Corporation*;

(m) The first section and sections 9, 11, and 13 of the Act approved January 31, 1935 (49 Stat. 1), as amended;

(n) The Act approved August 24, 1935 (49 Stat., ch. 646, p. 796);

(o) The Act approved March 20, 1936 (49 Stat. 1185);

(p) The Act approved April 10, 1936 (49 Stat., ch. 168, p. 1191);

(q) The first section of the Act approved January 26, 1937 (50 Stat. 5), as amended;

(r) The Act approved February 11, 1937 (50 Stat. 19), as amended;

(s) So much of section 32 (b) of the *Farm Credit Act of 1937*, approved August 19, 1937 (50 Stat. 703), as relates to the *Reconstruction Finance Corporation* and so much of section 33 (b) of the said Act as relates to the payment of the expenses of corporations formed by the consolidation of two or more regional agricultural credit corporations;

(t) So much of the Act approved June 25, 1938 (52 Stat. 1193), as relates to the *Reconstruction Finance Corporation*;

(u) Section 12 of the *Federal Highway Act of 1940*, approved September 5, 1940 (54 Stat. 867);

(v) Section 5 of the Act approved June 10, 1941 (55 Stat. 250);

(w) The Act approved October 23, 1941 (55 Stat., ch. 454, p. 744);

(x) The Act approved March 27, 1942 (56 Stat., ch. 198, p. 174);

(y) The Act approved June 5, 1942 (56 Stat., ch. 352, p. 326); and

(z) Sections 1 and 2 of Public Law 656, 79th Congress, approved August 7, 1946.

SEC. 207. The liquidation of the affairs of the *Smaller War Plants Corporation* administered by the *Reconstruction Finance Corporation* pursuant to Executive Order 9665 shall be carried out by the *Reconstruction Finance Corporation*, notwithstanding the provisions of the last paragraph of section 5 of the *First War Powers Act, 1941*. The *Smaller War Plants Corporation* is hereby abolished.

SEC. 208. (a) *The Reconstruction Finance Corporation shall have the power to purchase any surplus property for resale, subject to regulations of the War Assets Administrator or his successor, to small business when, in its judgment, such disposition is required to preserve and strengthen the competitive position of small business. The purchase of surplus property under this section shall be given priority under the Surplus Property Act of 1944, as amended, immediately following transfers to Government agencies under section 12 of such Act, as amended, and disposals to veterans under section 16 of such Act, as amended. The provisions of section 12 (c) of the Surplus Property Act of 1944, as amended, shall be applicable to purchases made under this section. The Reconstruction Finance Corporation shall not purchase any real property for resale to small business pursuant to this section in any case where any person from whom the property had been acquired by a Government agency, gives notice in writing to the Reconstruction Finance Corporation that he intends to exercise his rights under section 23 of the Surplus Property Act, as amended.*

(b) *The Reconstruction Finance Corporation is further authorized for the purpose of carrying out the objectives of this section to arrange for sales of surplus property to small business concerns on credit or time basis.*

(c) *For the purposes of this section the terms "persons", "surplus property", and "Government agency" have the same meaning as is assigned to such terms by section 3 of the Surplus Property Act of 1944, as amended.*

SEC. 209. *During the period between June 30, 1947, and the date of enactment of legislation making funds available for administrative expenses for the fiscal year ending June 30, 1948, the Corporation is authorized to incur, and pay out of its general funds, administrative expenses in accordance with laws in effect on June 30, 1947, such obligations and expenditures to be charged against funds when made available for administrative expenses for the fiscal year 1948.*

SEC. 210. *This Act shall take effect as of midnight June 30, 1947.*

*And the House agree to the same.*

JESSE P. WOLCOTT,  
RALPH A. GAMBLE,  
JOHN C. KUNKEL,  
HENRY O. TALLE,  
BRENT SPENCE,  
PAUL BROWN,  
WRIGHT PATMAN,

*Managers on the Part of the House.*

C. D. BUCK,  
HOMER E. CAPEHART,  
RALPH E. FLANDERS,  
BURNET R. MAYBANK,  
JOHN SPARKMAN,

*Managers on the Part of the Senate.*



## STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the joint resolution (S. J. Res. 135) to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate joint resolution extended for 1 year the succession and the existing lending powers and functions of the Reconstruction Finance Corporation. The House amendment struck out all the Senate joint resolution after the enacting clause and inserted a substitute extending for 2 years the succession and certain of the lending powers and functions of the Reconstruction Finance Corporation. The joint resolution as agreed to in conference is a substitute for both the Senate joint resolution and the House amendment. Except for the differences noted below, and except for typographical and clarifying changes, the conference substitute is the same as the House amendment.

The conference substitute adopts the 1-year extension as provided in the Senate joint resolution but retains in general the provisions of the House amendment which extended only certain lending powers and functions of the Corporation.

Section 3 (a) of the Reconstruction Finance Corporation Act, as proposed by the House amendment, contained the following provision:

Except as may be otherwise provided in this Act, the board of directors of the Corporation shall determine the necessity for and the character and amount of its obligations and expenditures under this Act and the manner in which they shall be budgeted, incurred, allowed, paid, and accounted for, without regard to the provisions of any other laws governing the expenditure of public funds and such determinations shall be final and conclusive upon all other officers of the Government.

The conference substitute contains the same provision, but in order to make it clear that it does not supersede the provisions of the Government Corporation Control Act the words "or in the Government Corporation Control Act" have been inserted after the words "Except as may be otherwise provided in this Act" and the word "budgeted" has been omitted.

Section 206 of the House amendment repealed, among other provisions of law, certain provisions affecting both the Reconstruction Finance Corporation and the Farm Credit Administration. The conference agreement, in lieu of repealing those provisions of law in their entirety, modifies them to eliminate their application to the Reconstruction Finance Corporation but to retain their application to the Farm Credit Administration.

Among the provisions of law repealed by section 206 were sections 2 and 3 of the act of January 31, 1935. Section 2 provides a 1-year limitation on the disbursements following a commitment to make a loan, and section 3 authorizes the Reconstruction Finance Corporation, within its discretion, to determine the date of maturity of any loan made by it, except that certain types of loans may not be permitted to run beyond January 31, 1955. The conference agreement does not repeal these two sections.

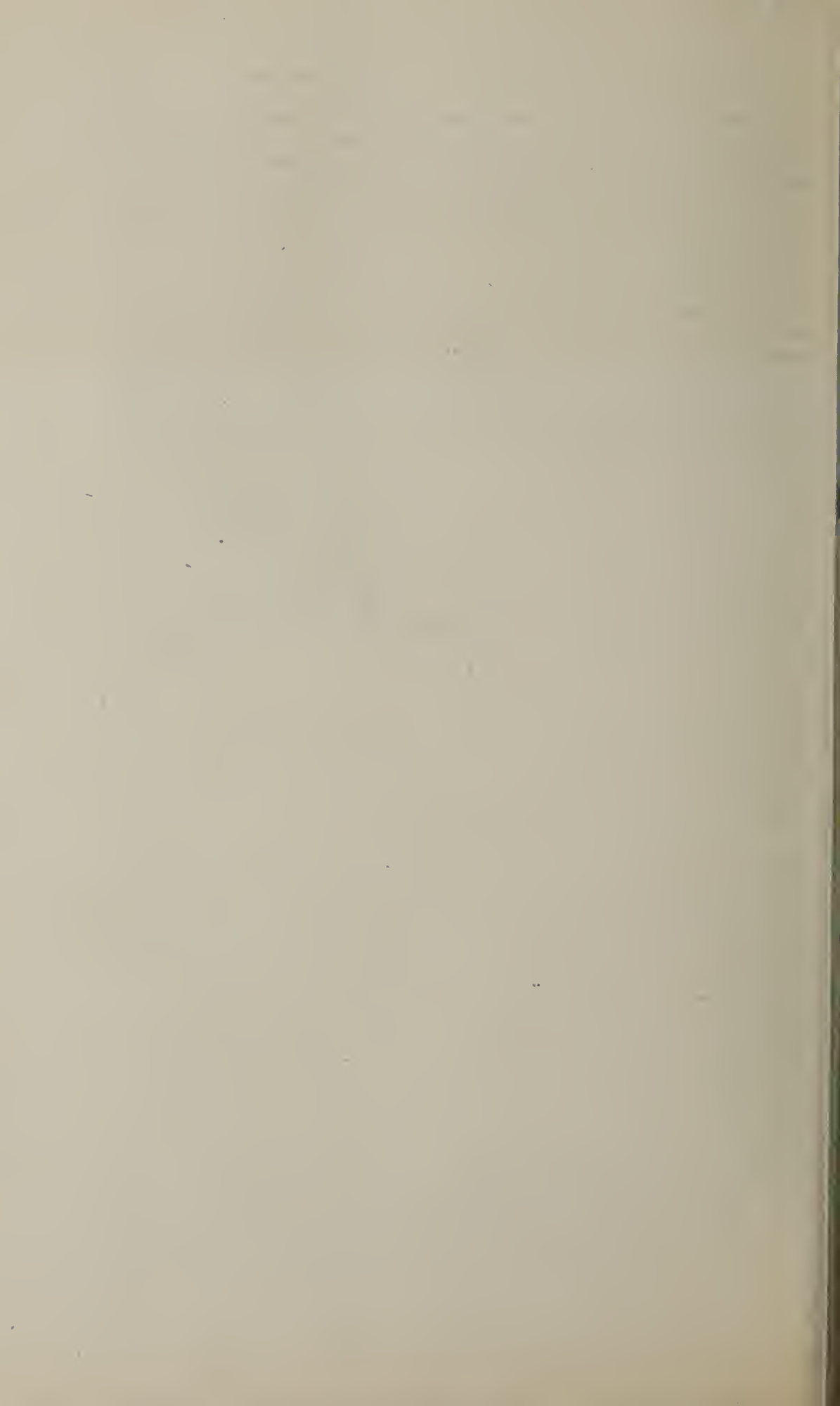
Section 208 of the House amendment which authorized the Reconstruction Finance Corporation to make the priority purchase of surplus property for resale to small business (previously provided in section 18 (e) of the Surplus Property Act of 1944, as amended), contained a provision which prohibited the Corporation from purchasing any surplus property pursuant to this section unless a small business had previously made application to the Corporation for such property. The conference substitute omits this provision.

JESSE P. WOLCOTT,  
RALPH A. GAMBLE,  
JOHN C. KUNKEL,  
HENRY O. TALLE,  
BRENT SPENCE,  
PAUL BROWN,  
WRIGHT PATMAN,

*Managers on the part of the House.*













DIGEST OF  
CONGRESSIONAL PROCEEDINGS  
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
Division of Legislative Reports  
(For Department staff only)

Issued June 30, 1947  
For actions of June 27, 1947  
80th-1st, No. 123

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HIGHLIGHTS: President approved 2nd urgent deficiency appropriation bill. House passed bill to continue CCC for a year. House passed legislative appropriation bill; Reps. Cannon, Monroney, Murray discussed Legislative Reorganization Act. House received revised appropriation estimate of \$1,980,000 for Sugar Rationing Adm. Both Houses agreed to conference report on RFC-continuation bill. House received USDA proposal re liquidation of rural-rehabilitation corporations. House committee reported omnibus civil-service retirement bill. Rep. Rich criticized wool-bill veto. Senate passed measure continuing export-control, allocations, and priorities powers until July 15, 1947. Senate passed measure continuing appropriations after June 30, 1947, pending new appropriations. Senate passed bill to create Commission on Organization of Executive Branch. Senate committee reported bill to provide technical information thru Commerce Department. Refugee Organization bill ready for President. Unofficial cotton committee submitted report on Japanese cotton agreement.

HOUSE

1. COMMODITY CREDIT CORPORATION. Passed without amendment S. 350, to continue CCC as a U. S. agency, without change, through June 30, 1948 (p. 8000). This bill will now be sent to the President. Rep. Brown, Ga., spoke in favor of continuation of this agency.
2. LEGISLATIVE APPROPRIATION BILL. Passed without amendment this bill, H. R. 3993 (pp. 7991-9). For its provisions see Digest 122. Rep. Cannon, Mo., said the bill "is the last step in the complete wreckage of the famous Reorganization Act" and discussed reduction in number of committees, violation of the 3-day lie-over of appropriation bills, legislative provisions on appropriation bills, and the Legislative Reference Service (pp. 7992-5). Rep. Monroney, Okla., defended the Legislative Reorganization Act (pp. 7997-8). Rep. Murray, Wis., defended the Act's provisions regarding committee staffing, saying "there has never been a time that the committee [Agriculture] had the grasp that they have under this reorganization (p. 7993).
3. SUGAR RATIONING ADMINISTRATION. Received from the President a revised estimate of \$1,980,000 to provide funds for price control and industrial rationing of sugar from July 1, 1947, to Oct. 31, 1947, and to provide for liquidation of the program (H. Doc. 367); to Appropriations Committee (p. 8015).
4. RURAL REHABILITATION. Received from this Department proposed legislation to provide for liquidation of the trusts under the transfer agreements with State Rural Rehabilitation Corporations; to Agriculture Committee (p. 8015).



5. RECONSTRUCTION FINANCE CORPORATION. Both Houses agreed to the conference report on S. J. Res. 135, to continue RFC on a limited basis until June 30, 1948 (pp. 7999, 7962-9). This measure will now be sent to the President.
6. WAR DEPARTMENT CIVIL APPROPRIATION BILL, H. R. 4002, was reported by the Appropriations Committee (H. Rept. 723). This bill contains appropriations of \$132,041,800 for flood control by the War Department. The committee report states: "In keeping with its policy that provisions constituting permanent substantive legislation should not appear in appropriation bills, the committee has avoided the inclusion of items of that nature."
7. FARM LABOR. Passed without amendment S. 1072, to extend until July 1, 1949, the period during which income from agricultural labor and nursing services may be disregarded by the States in making old-age assistance payments without prejudicing their rights to grants-in-aid under the Social Security Act (pp. 7985-6). This bill will now be sent to the President.
8. CIVIL-SERVICE RETIREMENT. The Post Office and Civil Service Committee reported with amendments H. R. 3872, the omnibus civil-service retirement bill (H. Rept. 726)(p. 8016).
9. TREASURY-POST OFFICE APPROPRIATION BILL. Both Houses agreed to the conference report on this bill, H. R. 2436 (pp. 7957-61, 7989-90). This bill will now be sent to the President. The Senate receded on its amendment to permit higher prices to be paid by the Government for typewriters.
10. FISHERIES. The Merchant Marine and Fisheries Committee reported with amendment H. R. 1693, to provide for U. S. aid to States in fish-restoration and management projects (H. Rept. 728)(p. 8016).
11. WOOL-PRICE SUPPORTS. Rep. Rich, Pa., criticized the President's veto of S. 814 the wool bill, defending the tariff provision (p. 7987).
12. PERSONNEL LOYALTY. Rep. Holifield, Calif., spoke in favor of "preservation of civil liberties" in connection with the personnel-loyalty program (pp. 8006-10).
13. EXPORT CONTROL. Rep. Shafer, Mich., asked for consideration of H. R. 3049, to continue the Export Control Act, but after discussion Rep. Rizley, Okla.; objected (p. 8006).
14. ADJOURNED until Mon., June 30 (p. 8015). Legislative program for this week, as announced by Majority Leader Halleck: Mon., bills under suspension of rules, Hawaii statehood; Tues., private calendar, War Department civil appropriation bill; Wed., D. C. appropriation bill; Thurs., continuation of above-mentioned bills; urgent rules at any time; adjournment Fri. through Sun. (p. 8000).
15. FOREIGN AFFAIRS; PURCHASING. The "Daily Digest" states that the subcommittee of the Foreign Affairs Committee ordered\* favorably reported H.R. 3891, the International Organizations Procurement Act of 1947 (pp. D452-3).
16. MINERALS; WILDLIFE. The "Daily Digest" states that the subcommittee of the Public Lands Committee ordered\* reported with amendment H.R. 2867, permitting mining locations in the State Park Game Sanctuary of Harney National Forest, S. Dak. (p. D453).  
\*Copies of the bills and reports will not be available until the bills are actually reported, when this Digest will include statements to that effect.



in that town expect me to see to it that those who made their money in the black market pay their taxes. I have no way of doing so. I am obliged to pass that problem on to the Internal Revenue Bureau. The collector of internal revenue has told me he would be glad to check into the matter, but he said, "Every agent we have is already assigned to cases, and I do not know when we can come to it."

That situation has existed for 6 months to a year. The reaction would naturally be, "Well, if the Government is not going to collect from those who have made their money in the black market, who have made their money illegally, certainly there is no reason why I should pay." The bankers in the little towns will tell Senators how more and more people are beginning the use of \$100 bills and \$1,000 bills and not keeping books on their transactions. They have seen the punishment meted out to the few who have been caught, and have seen that on the whole, the penalties which must be paid by those who are not doing the right thing are relatively small. That is inducing more and more people simply to quit legitimate business methods. I think it is injurious in that it lowers the general respect for the Government. That is not speculation. I know that to be the case. I am sure it is true in all other States.

Mr. CORDON. The Appropriations Committee cannot impose a penalty, and in this instance set up a figure which is only 10 percent, over-all, less than the total budget estimate.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a question?

Mr. CORDON. I yield.

Mr. FULBRIGHT. Would the Senator care to speculate upon the attitude of the House if the Senate, after due consideration, instructed the conferees on the part of the Senate to go back and insist upon the increase of \$10,000,000?

Mr. CORDON. The Senator from Oregon does not desire to indulge in any speculation. The Senator from Oregon brought to the Senate the best conference report that could have been gotten, and so far as the Senate is concerned, it is at utter liberty to do what it pleases with the report.

The PRESIDENT pro tempore. The question is on the adoption of the conference report.

Mr. HILL. Mr. President, the Senator from Oregon has spoken about a provision in the bill, placed in it by the conferees, providing for the Joint Committee on Taxation to make a study of this matter. If the joint committee makes a study of the matter, is there anything the joint committee of itself can do other than to make a report to Congress? Does the language inserted by the conferees provide for a report or provide for any action by the committee?

Mr. CORDON. No action other than the report. That report, however, could be the basis for action in a supplemental way at the beginning of the next Congress, which would be only after the lapse of 6 months of the fiscal year 1948.

Mr. HILL. That would be at least 6 months off.

Mr. CORDON. Well, if there were a 10 percent reduction, and only 50 per-

cent of the time had elapsed, a great loss would not be suffered if a supplemental appropriation were received at the end of 6 months. However, I suggest again that what will come in that respect is speculation.

Mr. HILL. It is speculation. In other words, the Senator does not pin too much hope on that committee.

Mr. CORDON. The Senator from Oregon expects that the committee will go into the matter. It has indicated that it is interested in it, and the Appropriations Committee is looking forward to a comprehensive report after a thorough investigation has been made by that committee.

Mr. HILL. I did not mean that the committee would not go into the matter. Knowing the members of the committee as I do, and how conscientious and devoted they are, I am sure the committee will go into the matter very painstakingly and very thoroughly. The difficulty that arises is that no action could be expected for six months, and even then the committee has no power to do anything of its own accord. All it could do would be to make a report in the hope that the Appropriations Committees of the two Houses might take cognizance of the report and might bring in some kind of deficiency item.

Mr. CORDON. The Senator from Alabama is, of course, correct in that statement.

The PRESIDENT pro tempore. The question is on agreeing to the conference report. [Putting the question.] The ayes appear to have it.

Mr. FULBRIGHT. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. REED (when his name was called). I have a general pair with the senior Senator from New York [Mr. WAGNER]. I transfer that pair to the Senator from New Hampshire [Mr. TOBEY] and will vote. I vote "yea."

The roll call was concluded.

Mr. WHERRY. I announce that the Senator from Vermont [Mr. AIKEN] and the Senator from Connecticut [Mr. BALDWIN] are absent by leave of the Senate.

The Senator from West Virginia [Mr. REVERCOMB] is necessarily absent.

The Senator from New Hampshire [Mr. TOBEY] is necessarily absent because of illness in his family, and is paired with the Senator from New York [Mr. WAGNER.]

The Senator from Iowa [Mr. WILSON] is absent on official business.

The Senator from California [Mr. KNOWLAND] and the Senator from Maine [Mr. WHITE] are unavoidably detained on committee business.

Mr. LUCAS. I announce that the Senator from South Carolina [Mr. JOHNSTON], the Senator from Montana [Mr. MURRAY], and the Senator from North Carolina [Mr. UMSTEAD] are absent on public business.

The Senator from Utah [Mr. THOMAS] is absent by leave of the Senate, having been appointed a delegate to the Inter-

national Labor Conference at Geneva, Switzerland.

The Senator from Georgia [Mr. GEORGE], the Senator from Texas [Mr. O'DANIEL], the Senator from Louisiana [Mr. OVERTON], the Senator from Tennessee [Mr. STEWART], and the Senator from Maryland [Mr. TYDINGS] are necessarily absent.

The Senator from Georgia [Mr. RUSSELL] is detained on official business at an important committee meeting.

The Senator from New York, who is absent because of illness, has a general pair with the Senator from Kansas [Mr. REED]. The transfer of that pair to the Senator from New Hampshire [Mr. TOBEY] has previously been announced by the Senator from Kansas.

The result was announced—yeas 51, nays 26, as follows:

#### YEAS—51

Ball	Dworshak	Martin
Brewster	Ecton	Millikin
Bricker	Ellender	Moore
Bridges	Ferguson	Morse
Brooks	Flanders	Reed
Buck	Gurney	Robertson, Va.
Bushfield	Hawkes	Robertson, Wyo.
Butler	Hickenlooper	Saltonstall
Byrd	Ives	Smith
Cain	Jenner	Taft
Capehart	Johnson, Colo.	Thye
Capper	Kem	Vandenberg
Chavez	Langer	Watkins
Connally	Lodge	Wherry
Cooper	McCarthy	Wiley
Cordon	McKellar	Williams
Donnell	Malone	Young

#### NAYS—26

Barkley	Holland	Maybank
Downey	Kilgore	Myers
Eastland	Lucas	O'Connor
Fulbright	McCarran	O'Mahoney
Green	McClellan	Pepper
Hatch	McFarland	Sparkman
Hayden	McGrath	Taylor
Hill	McMahon	Thomas, Okla.
Hoey	Magnuson	

#### NOT VOTING—18

Aiken	O'Daniel	Tobey
Baldwin	Overton	Tydings
George	Revercomb	Umstead
Johnston, S. C.	Russell	Wagner
Knowland	Stewart	White
Murray	Thomas, Utah	Wilson

So the report was agreed to.

The PRESIDENT pro tempore laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 2436, which was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,  
June 27, 1947.

Resolved, That the House recede from its disagreement to the amendment of the Senate No. 6 to the bill (H. R. 2436) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1948, and for other purposes, and concur therein.

That the House recede from its disagreement to the amendment of the Senate No. 17 to said bill and concur therein with an amendment as follows: At the end of the matter inserted by said amendment, following the word "Representatives" but preceding the period, insert the following: "on or before January 3, 1948, such report to be filed with the Speaker of the House of Representatives and the President of the Senate if the Congress is not in session on the date of filing thereof."

Mr. CORDON. Mr. President, I move that the Senate agree to the amendment of the House to the amendment of the Senate No. 17.

The motion was agreed to.



## ORDER OF BUSINESS

Mr. TAFT. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. TAFT. If the Senate meets on Monday at 11 o'clock and a motion is made to proceed to the consideration of the concurrent resolution relating to Reorganization Plan No. 2, will that motion supersede all other business?

The PRESIDENT pro tempore. That is the opinion of the Chair.

Mr. TAFT. A further parliamentary inquiry, Mr. President. If at that time a motion is made to limit debate to 2½ hours, to be divided equally, instead of the 10 hours provided in the act, will such a motion be in order?

The PRESIDENT pro tempore. The motion will be in order, and will not be debatable.

Mr. TAFT. It will not be debatable, and will be decided by majority vote?

The PRESIDENT pro tempore. The Senator is correct.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. BARKLEY. I inquire whether that means that a motion to limit debate can be made as a part of the motion to proceed to consider the concurrent resolution, or whether it will be made later.

The PRESIDENT pro tempore. The motion to limit debate is a separate motion.

Mr. TAFT. That is my understanding.

Under those circumstances—although I understand that Senators who objected to the unanimous-consent request are not particularly insisting on the objection—I understand that an order will be made to meet at 11 o'clock on Monday, thus dispensing with a Saturday session. On Monday a motion will be made to proceed to the consideration of the concurrent resolution relating to Reorganization Plan No. 2; and following that, a motion will be made to limit debate to two and a half hours, along the general line of the unanimous-consent agreement. Therefore, under the ruling of the Chair, it will not be necessary to ask further unanimous consent with relation to this particular matter.

Mr. WILEY. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. WILEY. I heard the distinguished Senator say that it was proposed to go over until Monday. It seems to me that we must have definite action either today or tomorrow on the question which we are supposed to be discussing, because, as I understand, the Second War Powers Act, and also the Export-Import Act, will expire on the 30th of June unless extended, as we have provided for in the bill.

I hope we may soon reach the point of discussing this question, and I hope we can have action on it today—if not today, tomorrow—because personally I have some pretty strong convictions as to the importance of the bill. I believe that the Committee on the Judiciary likewise has strong convictions. I should like to have the reaction of the distin-

guished Senator from Ohio as to what he thinks the procedure should be.

Mr. TAFT. Mr. President, we have already had so many protests against meeting on Saturday that we do not wish to have such a meeting unless it is necessary. If the concurrent resolution is disposed of in two and a half hours after we meet at 11 o'clock, we shall be finished with it by 2 o'clock, and we can continue on Monday afternoon, with a night session on Monday, until the bill is disposed of.

I point out to the Senator that even if the Second War Powers Act should expire, and if there should be a hiatus of a day or so, the action of the Congress would promptly restore it. We had such a case in connection with the continuation of the President's power to devalue the dollar. There was a considerable hiatus in that instance. Several other similar examples have occurred; so the hiatus is not absolutely fatal.

On the other hand, with respect to the reorganization plan, there is a final dead line. The question must be settled on Monday. It was not the intention to meet tomorrow. However, we can proceed now with the consideration of the bill, and we shall have most of Monday to devote to it. Of course, it will probably be necessary to have a conference with the House, and to wait until the conference report is received.

Mr. WILEY. Does the distinguished Senator suggest that we introduce a separate measure continuing the present status of these acts for 2 weeks, say?

Mr. TAFT. I do not think it is at all necessary. The bill is certain to be passed on Monday or Tuesday. It seems to me that the bill is certain to be passed on Monday. The only question is whether the conference report can be agreed to before Tuesday. So far as I know, the hiatus of a few hours or a day or so means nothing.

#### EXTENSION OF RECONSTRUCTION FINANCE CORPORATION — CONFERENCE REPORT

Mr. BUCK submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the joint resolution (S. J. Res. 135) to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

#### "TITLE I—AMENDMENT TO RECONSTRUCTION FINANCE CORPORATION ACT

"SECTION 1. The Reconstruction Finance Corporation Act, as amended, is hereby amended to read as follows:

"SEC. 1. There is hereby created a body corporate with the name 'Reconstruction Finance Corporation' (therein called the Corporation), with a capital stock of \$325,000,000 subscribed by the United States of America. Its principal office shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under

rules and regulations prescribed by the board of directors. This Act may be cited as the 'Reconstruction Finance Corporation Act.'

"SEC. 2. The management of the Corporation shall be vested in a board of directors consisting of five persons appointed by the President of the United States by and with the advice and consent of the Senate. Of the five members of the board, not more than three shall be members of any one political party and not more than one shall be appointed from any one Federal Reserve district. Each director shall devote his time principally to the business of the Corporation. The terms of the directors shall be two years but they may continue in office until their successors are appointed and qualified. Whenever a vacancy shall occur other than by expiration of term the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. The directors, except the chairman, shall receive salaries at the rate of \$12,500 per annum each. The chairman of the board of directors shall receive a salary at the rate of \$15,000 per annum.

"SEC. 3. (a) The Corporation shall have succession through June 30, 1948, unless it is sooner dissolved by an Act of Congress. It shall have power to adopt, alter, and use a corporate seal; to make contracts; to lease or purchase such real estate as may be necessary for the transaction of its business, to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal: *Provided*, That the Corporation shall be entitled to and granted the same immunities and exemptions from the payment of costs, charges, and fees as are granted to the United States pursuant to the provisions of law codified in sections 543, 548, 555, 557, 578, and 578a of title 28 of the United States Code, 1940 edition, to select, employ, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the Corporation, in accordance with laws, applicable to the Corporation, as in effect on June 30, 1947, and as thereafter amended; and to prescribe, amend, and repeal, by its board of directors, bylaws, rules, and regulations governing the manner in which its general business may be conducted. Except as may be otherwise provided in this Act or in the Government Corporation Control Act, the board of directors of the Corporation shall determine the necessity for and the character and amount of its obligations and expenditures under this Act and the manner in which they shall be incurred, allowed, paid, and accounted for, without regard to the provisions of any other laws governing the expenditure of public funds and such determinations shall be final and conclusive upon all other officers of the Government. The Corporation shall be entitled to the use of the United States mails in the same manner as the executive departments of the Government.

"(b) Notwithstanding any other provision of law, the right to recover compensation granted by the Act approved September 7, 1916, as amended (5 U. S. C., sec. 751), shall be in lieu of, and shall be construed to abrogate, any and all other rights and remedies which any person, except for this provision, might, on account of injury or death of an employee, assert against the Corporation or any of its subsidiaries.

"SEC. 4. (a) To aid in financing agriculture, commerce, and industry, to help in maintaining the economic stability of the country and to assist in promoting maximum employment and production, the Corporation, within the limitations hereinafter provided, is authorized—

"(1) To purchase the obligations of and to make loans to any business enterprise organized or operating under the laws of



any State or the United States: *Provided*, That the purchase of obligations (including equipment trust certificates) of, or the making of loans to, railroads or air carriers engaged in interstate commerce or receivers or trustees thereof, shall be with the approval of the Interstate Commerce Commission or the Civil Aeronautics Board, respectively: *Provided further*, That in the case of railroads or air carriers not in receivership or trusteeship, the Commission or the Board, as the case may be, in connection with its approval of such purchases or loans, shall also certify that such railroad or air carrier, on the basis of present and prospective earnings, may be expected to meet its fixed charges without a reduction thereof through judicial reorganization except that such certificates shall not be required in the case of loans or purchases made for the acquisition of equipment or for maintenance.

"(2) To make loans to any financial institution organized under the laws of any State or of the United States.

"(3) In order to aid in financing projects authorized under Federal, State, or municipal law, to purchase the securities and obligations of, or make loans to, (A) municipalities and political subdivisions of States, (B) public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States, and (C) public corporations, boards, and commissions: *Provided*, That no such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses as distinguished from purchases and loans to aid in financing specific public projects.

"(4) To make such loans, in an aggregate amount not to exceed \$25,000,000 outstanding at any one time, as it may determine to be necessary or appropriate because of floods or other catastrophes.

"(b) No financial assistance shall be extended pursuant to paragraphs (1), (2), and (3) of subsection (a) of this section, unless the financial assistance applied for is not otherwise available on reasonable terms. All securities and obligations purchased and all loans made under paragraphs (1), (2), and (3) of subsection (a) of this section shall be of such sound value or so secured as reasonably to assure retirement or repayment and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise.

"(c) The total amount of investments, loans, purchases, and commitments made pursuant to this section 4 shall not exceed \$2,000,000,000 outstanding at any one time.

"(d) No fee or commission shall be paid by any applicant for financial assistance under the provisions of this Act in connection with any such application, and any agreement to pay or payment of any such fee or commission shall be unlawful.

"(e) No director, officer, attorney, agent, or employee of the Corporation in any manner, directly or indirectly, shall participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly interested.

"(f) The powers granted to the Corporation by this section shall terminate at the close of business on June 30, 1948, but the termination of such powers shall not be construed (1) to prohibit disbursement of funds on purchases of securities and obligations, on loans, or on commitments or agreements to make such purchases or loans, made under this Act prior to the close of business on such date, or (2) to affect the validity or performance of any other agreement made or entered into pursuant to law.

"(g) As used in this Act, the term "State" includes the District of Columbia, Alaska, Hawaii, and Puerto Rico.

"SEC. 5. Section 5202 of the Revised Statutes of the United States, as amended, is hereby amended by striking out the words "War Finance Corporation Act" and inserting in lieu thereof the words "Reconstruction Finance Corporation Act".

"SEC. 6. The Federal Reserve banks are authorized and directed to act as custodians and fiscal agents for the Corporation in the general performance of its powers conferred by this Act and the Corporation may reimburse such Federal Reserve banks for such services in such manner as may be agreed upon.

"SEC. 7. The Corporation may issue to the Secretary of the Treasury its notes, debentures, bonds, or other such obligations in an amount outstanding at any one time sufficient to enable the Corporation to carry out its functions under this Act or any other provision of law, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the Corporation. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Corporation. The Secretary of the Treasury is authorized to purchase any obligations of the Corporation to be issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the Corporation's obligations hereunder.

"SEC. 8. The Corporation, including its franchise, capital, reserves and surplus, and its income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to special assessments for local improvements and shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed: *Provided*, That the special assessment and taxation of real property as authorized herein shall not include the taxation as real property of possessory interests, pipe lines, power lines, or machinery or equipment owned by the Corporation regardless of their nature, use, or manner of attachment or affixation to the land, building, or other structure upon or in which the same may be located. The exemptions provided for in the preceding sentence with respect to taxation (which shall, for all purposes, be deemed to include sales, use, storage, and purchase taxes) shall be construed to be applicable not only with respect to the Corporation but also with respect to any other public corporation which is now or which may be hereafter wholly financed and wholly managed by the Corporation. Such exemptions shall also be construed to be applicable to loans made, and personal property owned by the Corporation or such other corporations, but such exemptions shall not be construed to be applicable in any State to any buildings which are considered by the laws of such State to be personal property for taxation

purposes. Notwithstanding any other provision of law or any privilege or consent to tax expressly or impliedly granted thereby, the shares of preferred stock of national banking associations, and the shares of preferred stock, capital notes, and debentures of State banks and trust companies, acquired prior to July 1, 1947, by the Corporation, and the dividends or interest derived therefrom by the Corporation, shall not, so long as the Corporation shall continue to own the same, be subject to any taxation by the United States, by any Territory, dependency or possession thereof, or the District of Columbia, or by any State, county, municipality, or local taxing authority, whether now, heretofore, or hereafter imposed, levied, or assessed, and whether for a past, present, or future taxing period.

"SEC. 9. In the event of termination of the powers granted to the Corporation by section 4 of this Act prior to the expiration of its succession as provided in section 3, the board of directors shall, except as otherwise herein specifically authorized, proceed to liquidate its assets and wind up its affairs. It may with the approval of the Secretary of the Treasury deposit with the Treasurer of the United States as a special fund any money belonging to the Corporation or from time to time received by it in the course of liquidation, for the payment of its outstanding obligations, which fund may be drawn upon or paid out for no other purpose. Any balance remaining after the liquidation of all the Corporation's assets and after provision has been made for payment of all legal obligations shall be paid into the Treasury of the United States as miscellaneous receipts. Thereupon the Corporation shall be dissolved and its capital stock shall be canceled and retired.

"SEC. 10. If at the expiration of the succession of the Corporation, its board of directors shall not have completed the liquidation of its assets and the winding up of its affairs, the duty of completing such liquidation and winding up of its affairs shall be transferred to the Secretary of the Treasury, who for such purpose shall succeed to all the powers and duties of the board of directors under this Act. In such event he may assign to any officer or officers of the United States in the Treasury Department the exercise and performance, under his general supervision and direction, of any such powers and duties. When the Secretary of the Treasury shall find that such liquidation will no longer be advantageous to the United States and that all of the Corporation's legal obligations have been provided for, he shall retire any capital stock then outstanding, pay into the Treasury as miscellaneous receipts the unused balance of the moneys belonging to the Corporation, and make a final report to the Congress. Thereupon the Corporation shall be deemed to be dissolved.

"SEC. 11. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by removal, deferment of action or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Corporation, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

"(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation, or coupon, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, issued by the Corporation; or (2) passes, utters, or pub-



lishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited note, debenture, bond, or other obligation, or coupon, purporting to have been issued by the Corporation, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Corporation; or (4) passes, utters, or publishes, or attempts to pass, utter, or publish, as true any falsely altered or spurious note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Corporation, knowing the same to be falsely altered or spurious, or any person who willfully violates any other provision of this Act, shall be punished by a fine of not more than \$10,000, by imprisonment for not more than five years, or both.

"(c) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it; or (2) with intent to defraud the Corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of or to the Corporation, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof; or (3) with intent to defraud, participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Corporation; or (4) gives any unauthorized information concerning any future action or plan of the Corporation which might affect the value of securities, or having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company, bank, or corporation receiving loans or other assistance from the Corporation, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

"(d) No individual, association, partnership, or corporation shall use the words "Reconstruction Finance Corporation" or a combination of these three words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding \$1,000 or imprisonment not exceeding one year, or both.

"(e) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, ch. 5, secs. 202 to 207, inclusive), insofar as applicable, are extended to apply to contracts or agreements with the Corporation under this Act, which for the purposes hereof shall be held to include loans, advances, discounts, and rediscounts; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

"Sec. 12. The Corporation is authorized to exercise the functions, powers, duties, and authority transferred to the Corporation by Public Law 109, Seventy-ninth Congress, approved June 30, 1945, but only with respect to programs, projects, or commitments outstanding on June 30, 1947.

"Sec. 13. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of this Act, and the applicability of such provision to other persons or circumstances, shall not be affected thereby."

#### "TITLE II—MISCELLANEOUS

"Sec. 201. No provision of this Act shall be construed so as to prevent the Corporation from disbursing funds on purchases of se-

curities and obligations, on loans made, or on commitments or agreements to make such purchases or loans, or on liabilities incurred, pursuant to law prior to the effective date of this Act.

"Sec. 202. The succession of U. S. Commercial Company, a corporation created by the Reconstruction Finance Corporation pursuant to section 5d (3) of the Reconstruction Finance Corporation Act, as amended, is hereby extended through June 30, 1948.

"Sec. 203. All assets and liabilities of every kind and nature, together with all documents, books of account, and records, of The RFC Mortgage Company, a corporation organized under the laws of the State of Maryland, all the capital stock of which is owned and held by the Reconstruction Finance Corporation, shall be transferred to the Reconstruction Finance Corporation. With respect to the assets, liabilities, and records transferred, 'Reconstruction Finance Corporation' for all purposes is hereby substituted for 'The RFC Mortgage Company', and no suit, action, or other proceeding lawfully commenced by or against such corporation shall abate by reason of the enactment of this Act, but the court, on motion or supplemental petition filed at any time within twelve months after the date of such enactment, showing a necessity for the survival of such suit, action, or other proceeding to obtain a determination of the questions involved, may allow the same to be maintained by or against the Reconstruction Finance Corporation.

"Sec. 204. The Federal Loan Agency, created by Reorganization Plan Numbered 1 pursuant to the provisions of the Reorganization Act of 1939, approved April 3, 1939, is hereby abolished, and all its property and records are hereby transferred to the Reconstruction Finance Corporation.

"Sec. 205. The Reconstruction Finance Corporation is authorized and directed to transfer as soon as practicable after the effective date of this Act, to the Secretary of the Treasury, and the Secretary of the Treasury is authorized and directed to receive, all of the stock of the Federal home-loan banks held by the Reconstruction Finance Corporation. The Secretary of the Treasury shall cancel notes of the Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the par value of the stock so transferred.

"Sec. 206. Section 201 (e) of the Emergency Relief and Construction Act of 1932, approved July 21, 1932 (47 Stat. 709), as amended, and section 84 of the Farm Credit Act of 1933, approved June 16, 1933 (48 Stat. 257), as amended, are hereby further amended by striking out the name 'Reconstruction Finance Corporation' wherever it appears in such sections and substituting therefor the name 'Farm Credit Administration'.

"The following Acts and portions of Acts are hereby repealed:

"(a) Sections 1, 201 (except subsection (e) thereof), 202, 203, 204, 205, 206, 207, 208, 209, and 211 of the Emergency Relief and Construction Act of 1932, approved July 21, 1932 (47 Stat. 709), as amended;

"(b) Section 304 of the Act approved March 9, 1933 (48 Stat. 1), as amended;

"(c) Sections 27, 36, 37, and 38 of the Emergency Farm Mortgage Act of 1933, approved May 12, 1933 (48 Stat. 41), as amended;

"(d) Sections 5 and 19 (c) and the last two sentences of section 8 (b) of the Agricultural Adjustment Act, approved May 12, 1933 (48 Stat. 33), as amended;

"(e) The Act approved June 10, 1933 (48 Stat. 119), as amended;

"(f) The last sentence of section 4 (b) of the Home Owners' Loan Act of 1933, approved June 13, 1933 (48 Stat. 129), as amended;

"(g) Sections 301 and 302 of the National Industrial Recovery Act, approved June 16, 1933 (48 Stat. 195), as amended;

"(h) So much of section 32 of the Emergency Farm Mortgage Act of 1932 (48 Stat. 41), as amended, as authorizes or directs the Reconstruction Finance Corporation to make funds available to the Land Bank Commissioner;

"(i) The Act approved January 20, 1934 (48 Stat. 318);

"(j) The fourth paragraph of the Emergency Appropriation Act, fiscal year 1935, approved June 19, 1934 (48 Stat. 1056), and section 202 of the Public Works Administration Extension Act of 1937, approved June 29, 1937 (50 Stat. 357);

"(k) Sections 10, 13, 14, 15, and 16 of the Act approved June 19, 1934 (48 Stat. 1105), as amended;

"(l) So much of sections 4 and 602 of the National Housing Act, approved June 27, 1934 (48 Stat. 1247), as amended, as relates to the Reconstruction Finance Corporation;

"(m) The first section and sections 9, 11, and 13 of the Act approved January 31, 1935 (49 Stat. 1), as amended;

"(n) The Act approved August 24, 1935 (49 Stat., ch. 646, p. 796);

"(o) The Act approved March 20, 1936 (49 Stat. 1185);

"(p) The Act approved April 10, 1936 (49 Stat., ch. 168, p. 1191);

"(q) The first section of the Act approved January 26, 1937 (50 Stat. 5), as amended;

"(r) The Act approved February 11, 1937 (50 Stat. 19), as amended;

"(s) So much of section 32 (b) of the Farm Credit Act of 1937, approved August 19, 1937 (50 Stat. 703), as relates to the Reconstruction Finance Corporation and so much of section 33 (b) of the said Act as relates to the payment of the expenses of corporations formed by the consolidation of two or more regional agricultural credit corporations;

"(t) So much of the Act approved June 25, 1938 (52 Stat. 1193), as relates to the Reconstruction Finance Corporation;

"(u) Section 12 of the Federal Highway Act of 1940, approved September 5, 1940 (54 Stat. 867);

"(v) Section 5 of the Act approved June 10, 1941 (55 Stat. 250);

"(w) The Act approved October 23, 1941 (55 Stat., ch. 454, p. 744);

"(x) The Act approved March 27, 1942 (56 Stat., ch. 198, p. 174);

"(y) The Act approved June 5, 1942 (56 Stat., ch. 352, p. 326); and

"(z) Sections 1 and 2 of Public Law 656, 79th Congress, approved August 7, 1946.

"Sec. 207. The liquidation of the affairs of the Smaller War Plants Corporation administered by the Reconstruction Finance Corporation pursuant to Executive Order 9665 shall be carried out by the Reconstruction Finance Corporation, notwithstanding the provisions of the last paragraph of section 5 of the First War Powers Act, 1941. The Smaller War Plants Corporation is hereby abolished.

"Sec. 208. (a) The Reconstruction Finance Corporation shall have the power to purchase any surplus property for resale, subject to regulations of the War Assets Administrator or his successor, to small business when, in its judgment, such disposition is required to preserve and strengthen the competitive position of small business. The purchase of surplus property under this section shall be given priority under the Surplus Property Act of 1944, as amended, immediately following transfers to Government agencies under section 12 of such Act, as amended, and disposals to veterans under section 16 of such Act, as amended. The provisions of section 12 (c) of the Surplus Property Act of 1944, as amended, shall be applicable to purchases made under this section. The Reconstruction Finance Corporation shall not purchase any real property for resale to small business pursuant to this section in any case where any person from whom the property had been acquired by a Government agency, gives



notice in writing to the Reconstruction Finance Corporation that he intends to exercise his rights under section 23 of the Surplus Property Act, as amended.

"(b) The Reconstruction Finance Corporation is further authorized for the purpose of carrying out the objectives of this section to arrange for sales of surplus property to small business concerns on credit or time basis.

"(c) For the purposes of this section the terms 'person', 'surplus property', and 'Government agency' have the same meaning as is assigned to such terms by section 3 of the Surplus Property Act of 1944, as amended.

"SEC. 209. During the period between June 30, 1947, and the date of enactment of legislation making funds available for administrative expenses for the fiscal year ending June 30, 1948, the Corporation is authorized to incur, and pay out of its general funds, administrative expenses in accordance with laws in effect on June 30, 1947, such obligations and expenditures to be charged against funds when made available for administrative expenses for the fiscal year 1948.

"SEC. 210. This Act shall take effect as of midnight June 30, 1947."

And the House agree to the same.

C. D. BUCK,  
HOMER E. CAPEHART,  
RALPH E. FLANDERS,  
BURNET R. MAYBANK,  
JOHN SPARKMAN,

*Managers on the Part of the Senate.*

JESSE P. WOLCOTT,  
RALPH A. GAMELE,  
JOHN C. KUNKEL,  
HENRY O. TALLE,  
BRENT SPENCE,  
PAUL BROWN,  
WRIGHT PATMAN,

*Managers on the Part of the House.*

Mr. BUCK. Mr. President, I ask unanimous consent for the present consideration of the conference report.

There being no objection, the Senate proceeded to consider the report.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. BUCK. For what purpose?

Mr. MALONE. I ask unanimous consent for the present consideration of House bill 1610, Calendar No. 372. The bill has been passed by the House, and favorably reported by the Senate Committee on Public Works.

Mr. TAFT. Mr. President, I do not like to object, but under the present circumstances I think I must object to any measures being taken up which do not have immediate priority.

The PRESIDENT pro tempore. Objection is heard.

Mr. BUCK. I misunderstood the Senator's request, or I would not have yielded.

Senate Joint Resolution 135 as it passed the Senate simply provided for the extension for 1 year of the succession of the Reconstruction Finance Corporation and of its existing lending powers and other functions. The House amendment extended the succession of the Corporation for 2 years and extended for the same period certain of the lending powers and functions of the Corporation, but eliminated many powers and functions which were felt to be no longer needed and repealed a number of statutory provisions pertaining to the Reconstruction Finance Corporation.

The House conferees accepted the provision of the Senate joint resolution

which continued the Reconstruction Finance Corporation for only 1 year, and that provision is included in the conference report. The provisions of the House amendment which reduced the functions and authority of the Reconstruction Finance Corporation were for the most part accepted.

As agreed to in conference, the joint resolution would for the most part terminate the war-finance activities of the Corporation, as well as authority to purchase nonassessable stocks in national banks, State banks, or trust companies, for the purpose of supplying funds for capital purposes, and the authority for blanket participation in bank loans. The power given to the Corporation, at the time its succession was extended last year, to purchase loans guaranteed or insured under the Servicemen's Readjustment Act of 1944, is terminated under the conference agreement.

I want to stress this point so that everyone present may understand it. I repeat, the power given to the Corporation, at the time its succession was extended last year, to purchase loans guaranteed or insured under the Servicemen's Readjustment Act of 1944, is terminated under the conference agreement.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. BUCK. I will yield to the Senator in just a moment.

No foreign loans would be permitted under the conference agreement, and future lending powers would be restricted to the United States, Alaska, Hawaii, and Puerto Rico.

In the future the Reconstruction Finance Corporation will be prohibited from supplying the capital of other Government agencies or forming subsidiary corporations and capitalizing them.

The conference agreement also authorizes the Corporation to make priority purchases of surplus property for resale to small business, as previously provided in the Surplus Property Act, but preserves the rights of former owners in the case of surplus real estate.

Under the conference substitute the leading authority and financial assistance of the Corporation will be limited to \$2,000,000,000 on new business entered into after June 30, 1947. The Corporation in extending financial assistance must be satisfied that such assistance is not otherwise available from private lending sources on reasonable terms. In other words, the Corporation is not to be made a competitive source of credit.

Mr. President, I move that the report be agreed to.

Mr. MAYBANK. Mr. President, the Senator from Delaware has called the attention of the Senate to a very important part of the Reconstruction Finance Corporation Extension Act, which will terminate on Monday, when the new law is to take effect.

I want to stress to the Members of the Senate the fact that approximately a month ago, the Committee on Banking and Currency reported a simple measure, which the Senate adopted, to extend for 1 year the Reconstruction Finance Corporation as it is today, and as it has been. The House passed the meas-

ure with an amendment and sent it to conference. The Senate accepted the House amendment. The House conferees refused to give in, as the Senator from Delaware has stated, on the question of mortgage insurance of GI mortgages, and therefore there will be no more GI mortgages.

Mr. President, I want to read a statement from General Bradley on this matter:

Reference is made to Report No. 626, Eightieth Congress, reporting favorably on H. R. 3916, Eightieth Congress, A bill to amend the Reconstruction Finance Corporation Act, as amended, and to extend the succession and certain lending powers and functions of the Reconstruction Finance Corporation, and for other purposes.

Section 206 (z) of H. R. 3916 provides for the repeal of sections 1 and 2 of Public Law 656, Seventy-ninth Congress, approved August 7, 1946. Section 1 of this act extends the functions and succession of the Reconstruction Finance Corporation through June 30, 1947, and section 2 of said act authorizes the Reconstruction Finance Corporation to purchase loans made or insured under the provisions of the Servicemen's Readjustment Act of 1944 (Public Law 346, 78th Cong., approved June 22, 1944), as amended.

The effect of section 206 (z) would be to prohibit the Reconstruction Finance Corporation Mortgage Company from purchasing loans guaranteed or insured in behalf of veterans under the Servicemen's Readjustment Act of 1944, as amended. The authorization for purchase by the Reconstruction Finance Corporation Mortgage Company as contained in Public Law 656, provided a secondary market for loans guaranteed or insured under the Servicemen's Readjustment Act of 1944, as amended. It is increasingly apparent that the desirability of such a market is greater now than when Public Law 656 was enacted and there is every indication that the need for such market will become more urgent as the volume of loans under the Servicemen's Readjustment Act of 1944, as amended, increases.

The Reconstruction Finance Corporation secondary market has been in actual operation for less than 10 months in any State and in some States for 2 or 3 months only. Many lenders have incurred considerable expense in preparation of printed forms, and so forth, in contemplation of utilizing the Reconstruction Finance Corporation market. The Government has also undergone considerable administrative expense in inaugurating the program. Many builders and operators have procured mortgage commitments on projects involving the construction of a large number of homes from lenders who proposed to utilize the Reconstruction Finance Corporation market. These builders might be left suddenly without means of financing such projects and might have to abandon the proposed constructions or delay them until other means of financing have been found. This would result in delaying construction of needed homes.

The amount of mortgages purchased to date is small as compared with the amount anticipated. I am advised informally that the Reconstruction Finance Corporation at present is making purchase commitments at the rate of \$1,500,000 per day and the total commitments at present are approximately \$662,877,387. The value of the secondary market, however, to the production of homes for veterans will probably never appear conclusively in the dollar amounts in sales of mortgages actually made. The value to the lenders and to the veterans who seek loans for home purchases lies in the fact that lenders are assured of a secondary market for long-term mortgage loans in the event that



it becomes necessary for the lenders to attain a more liquid position.

Many small town banks and other lending institutions find that the demand for loans to enable veterans to purchase homes in their communities would require the institutions to invest more of their funds in long-term mortgages than their directors may deem advisable or than their capital may provide. Such institutions can only supply the legitimate mortgage requirements of the veterans of their communities if a secondary market is available.

Only a small percentage of all eligible veterans have as yet received the benefits of the guaranty or insurance of loans for the purchase of homes. The Veterans' Administration is advised that a substantial number of lenders, particularly in smaller cities and towns, will not have any more funds available for such loans unless they can sell some of the mortgages which they have made.

It is most desirable that any veteran in a small community, particularly, shall be able to obtain his loan from a home-town banker or other lender whom he knows and is known by.

There probably is sufficient money available in the possession of banks and other lenders in the Nation to fulfill the requirements of veterans now and in the foreseeable future. However, experience indicates that the distribution of such available funds is such that money is not to be had from established lenders in many small communities unless they are assured of ready sale of mortgages in the event of need of cash.

Mr. President, I should like to digress merely to say that everyone knows there is enough money in the United States to carry on this program, but the difficulty is that the money is concentrated in big cities in the big Federal Reserve districts. In small towns, according to General Bradley's statement, and according to the check which has been made, the money will not be available. I read further from General Bradley's statement:

The Veterans' Administration is aware that the saturation point has been reached by many lenders for long-term mortgage commitments and there are indications that many other lenders will reach that stage. Several conferences with lender groups have demonstrated that the continuation of the Reconstruction Finance Corporation purchase program is not only desirable but essential if veterans' needs for financing the purchase of homes are to be met.

The foregoing statement indicates the effect which H. R. 3916, if enacted, will have on the loan program of the Veterans' Administration under title III of the Servicemen's Readjustment Act of 1944, as amended.

Mr. President, I read that statement because the distinguished Senator from Delaware brought out the fact that this was one of the provisions that we had passed, one of the provisions to which the House conferees would not agree. I know that some people will say that there is some other way to finance the project, but in the small communities where bank capital is small and where many banks failed in the 1920's and have only limited capital, they will not be able to get the money. I just wanted the record to show that.

Mr. BUCK. Mr. President, these mortgages are coming in in great quantities. They are being bought at the rate of one and a half million a day. It has already been found that many mortgages have had to be foreclosed, and that will

continue. It puts them in the position of having to foreclose on veterans' loans.

Mr. MAYBANK. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. Ives in the chair). Does the Senator from Delaware yield to the Senator from South Carolina?

Mr. BUCK. I yield.

Mr. MAYBANK. I would say "Yes," if it had to foreclose. But the total number of mortgages in that situation, out of the total number—which may have amounted to a million and a half a day—was only nine.

Mr. BUCK. They have had only since the first of October to handle the matter.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. BUCK. I yield.

Mr. CAPEHART. As one of the conferees, as were the able Senator from South Carolina, the able Senator from Delaware, and the able Senator from Vermont, I wish to say that, as all of us know, the RFC Act will die at 12 o'clock on June 30. The matter the able Senator from South Carolina has been discussing is one as to which we tried to get the conferees on the part of the House to recede. The Senator from Indiana offered the suggestion that in the case of GI or veterans' loans, the guaranty be limited to between \$100,000,000 and \$150,000,000, but that it be provided that the RFC be permitted to take them with recourse, rather than without, recourse, as is done at the present time.

The conferees on the part of the House refused to recede from the position previously taken by the House. Their chief argument was that there are many mortgage companies and many banks and other institutions in the United States that are taking veterans' mortgages and are paying very little attention to the value of the property mortgaged, are taking such mortgages without any appraisals, are taking mortgages on which in many instances the veteran has paid possibly too much for the property, and are taking them without making any checks of counterchecks or without paying any attention whatsoever to the value, but they are bundling them up and are bringing them to Washington to the RFC, and are receiving 100 cents on the dollar, without recourse. The situation resulting from that procedure is that should it be necessary to repossess the home from the veteran, the Federal Government will be placed in the position of being the one to repossess the home or to take it away from the veteran.

The conferees on the part of the House argued that there is sufficient capital in the country today to handle these mortgage loans.

I mention these facts to show that the conferees on the part of the Senate did argue the point. We argued it for quite a long time. Finally it developed that the conferees on the part of the House would not recede from their position.

At the moment, we are in the position of either agreeing to this conference report or else having the RFC go out of existence at 12 o'clock midnight on June 30. Of course, none of us want that to occur.

Mr. MAYBANK. Mr. President, will the Senator yield to me once more?

Mr. BUCK. I yield.

Mr. MAYBANK. I wish to say that the reasons just stated by the Senator are the reasons why I signed the conference report; because if the conference report is not agreed to, there will be no RFC at all.

Again I wish to say that when it was found impossible to persuade the conferees on the part of the House to yield in regard to the provision as to loans, the Senator offered an amendment, in which I concurred, to limit the amount to a certain figure. But the conferees on the part of the House would not agree.

I cannot agree with the statement that these mortgages have been bundled up and brought to Washington. It is true that the number of mortgages has recently increased, but I think that has occurred because many people throughout the country have been fearful that just what is happening would happen.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. FERGUSON. Mr. President, I realize how serious is the question of adoption of the conference report permitting the RFC to continue in existence. I think I should raise my voice today in regard to one of the provisions of the conference report.

When a bill providing that what is proposed by the conference report should be done, and when that bill came up on the floor of the Senate, it was objected to, and went back to the committee; but it failed to come out of the committee, after having been voted upon there.

I simply wish to say to the Senate, in regard to the conference report, that if it is adopted, the RFC will transfer certain property to the War Assets Administration. I speak with some knowledge as to that, for I am chairman of the Subcommittee on Surplus Property. Under the conference report, the RFC will turn over certain property to the War Assets Administration. In accordance with section 208 of the conference report, the RFC will be permitted to purchase any amount of surplus property in the hands of the War Assets Administration; and by adopting the conference report, we would be amending the Surplus Property Act in such a way as to give the RFC a priority after the veterans. That is exactly what will be done by the conference report, if it is adopted.

In fact, Mr. President, by adopting the conference report we shall do more than that; we shall be allowing the RFC to step in and purchase property from the War Assets Administration, and in that connection we shall be allowing the RFC to become the agent of any little businessman. I am not speaking for big business here; I am speaking for all of small business.

Here is what would be done under this conference report: We would permit the RFC to take A as a purchaser, and, against all other small business, to go to the War Assets Administration and be-



come a special purchaser for A, B, C, D, and E and a thousand—yes, a hundred thousand—other small businessmen could not get that property at all, because the RFC would become the special agent of one particular buyer. That is what has been done in the past.

We shall have to appropriate money to supply the officials of the RFC with funds to enable them to do duplicating work—work that the War Assets Administration should be doing. I realize that the War Assets Administration has not done a job, but I cannot understand why we would enact legislation to permit the RFC to repurchase the very property it turned over to the War Assets Administration. However, that is exactly what this conference report will do.

There is only one exception as to that, namely, that the Reconstruction Finance Corporation shall not purchase any real property for resale to small business, pursuant to this section, in any case where any person from whom the property has been acquired by a Government agency gives notice in writing to the Reconstruction Finance Corporation that he intends to exercise his right under section 23 of the Surplus Property Act. But in every other section, under every other set of facts, we would be creating the RFC as the agent to buy property on terms that every other small businessman could not purchase the property on.

I simply cannot understand this conference report. I have never been able to understand it. Why should one purchaser, the first man to go to the RFC, obtain a priority over and above all other small business? If we are going to amend the Surplus Property Act, let us give all small business a priority and a preference, after the veterans.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield for a question.

Mr. CHAVEZ. I wish to say that I know exactly what the Senator from Michigan is discussing, because the same situation has occurred, to my knowledge, in the little town of Lordsburg, N. Mex., where there was a prison camp, with many buildings and a great deal of material. The small businessmen in that area, the ex-servicemen in that area, the school officials in that area, and the municipality in that area, were willing to negotiate for the property; but due to the fact that the RFC had a priority even as against the municipality and the school system, some agent of the RFC went to a junk dealer in El Paso and sold the whole works, without giving a chance to the small businessmen. That has actually happened.

Mr. FERGUSON. I thank the Senator.

Mr. BUCK. Mr. President, will the Senator yield to me?

Mr. FERGUSON. I yield.

Mr. BUCK. I understood the able Senator from Michigan to say that he does not know why this section is in the conference report. I am sure he knows why it is in it.

Mr. FERGUSON. I did not mean my statement in the way the Senator from Delaware has taken it. This provision came from the House, and that is why it is in the conference report.

Mr. BUCK. I wish to say that the Senator from Michigan was considerate enough to leave another meeting and attend the meeting of the conference committee yesterday, and he presented his point, and the conferees on the part of the Senate tried to back him up; but the best provision we could get was a compromise provision, to which the Senator from Michigan objected. It would require those who apply to present a formal application.

The reason given by the conferees on the part of the House for retaining this section was that if it is not included in the conference report, the small businessmen will not be able to purchase such properties, but, on the other hand, those with sufficient money will be able to corral all the excess material and sell it at exorbitant prices. It was felt that this was the only way of getting trucks and other things to the small businessman.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield to the Senator from Indiana.

Mr. CAPEHART. As one of the conferees, I want to say that RFC has been exercising all the power and authority that formerly was lodged in the Smaller War Plans Corporation, which was set up by Congress to purchase and handle surplus war materials for the small businessman. With respect to the provision to which the able Senator from Michigan is objecting, I may say that the Senator from Indiana likewise objected. I believe that all the Senate conferees objected to it, or at least it was discussed at great length. It was not a thing that was passed over lightly. It was discussed pro and con. The able Senator from Michigan will remember that we knew of his objection to it, and that we requested him to appear at the conference to explain his position; which he did. The position of the House, from which they refused to recede, was that in this particular section dealing with the RFC the right to buy for small business was a continuation of the function of the Smaller War Plans Corporation that Congress saw fit to set up to assist small business; that, if it were completely eliminated from the bill at the moment, there would be no agency making any effort whatever to assist small business. That was the position of the House, from which they refused to recede. The Senate conferees argued the case, I think, as strongly as they possibly could. They did not feel that they could do any better. They felt it was a matter of taking it or leaving it. It will be remembered that the House bill called for extending the RFC for 2 years. We finally succeeded in getting the House conferees to recede, and to reduce the time to 1 year. I again want to say that, unless the conference report is accepted, we shall have no RFC at 12 o'clock on next Monday, June 30.

Mr. FERGUSON. Mr. President, if it were possible under the terms of this section to accomplish for small business what the able Senator from Indiana has stated it was the purpose of the House to accomplish, I should be backing the report and backing its adoption but that is just not the way it has worked. It has worked exactly in the opposite way.

Instead of allowing small business as a whole to purchase, it allows a preference. If ever there was any section of law adopted that would allow political preferences—and I use that word advisedly, because it has been used against this same act in the past—it is the act in question.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. CAPEHART. I agree most heartily with the able Senator from Michigan. I feel just as he does about it, but I wish to call to his attention and to the attention of other Senators the fact that the Smaller War Plants Corporation, which was created by Congress, did exactly what both the able Senator from Michigan and the Senator from Indiana are stating as the ground of their objection. Therefore, there is nothing new that is being added by this particular legislation. The Smaller War Plants Corporation was established by the Congress to purchase specifically war surplus for individual small businessmen of the Nation. I personally feel that a mistake was made. I do not feel that it has worked to the best interests of the small businessman, to the best interests of the public, or to the best interests of the Government. The mistake, if one was made, was in the wording of the Smaller War Plants Corporation Act.

Mr. FERGUSON. Mr. President, I merely want to reply in respect to what happened in the Smaller War Plants Corporation. That was established at a time when this country was at war. We were fighting with our backs to the wall.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. FERGUSON. Not at the moment.

The PRESIDING OFFICER. The Senator declines to yield.

Mr. FERGUSON. It was felt that for the purpose of keeping all our industry busy—which included the supplying of arms and ammunition—that it was necessary for us to prefer small business and to take upon ourselves the right to give certain contracts to small business, and to give them supplies and machinery with which to carry out such contracts.

Mr. President, the War Investigating Committee has before it now scandals upon that same premise. I could cite one case in which there was a purchase of boats that could have been obtained from small business at \$60 each. The Smaller War Plants Corporation compelled a contract price in excess of \$100, under the claim that it was for war purposes. Yes; we used this provision during the war, but there is no reason now why we should set up a political preference. That is what it amounts to; because it is the man who can get to the RFC and have his case pleaded by the RFC, who obtains the surplus property, in preference to all other small business. If we make this a priority for small business, let us make it for all small business, and let us say to the War Assets Administration, "You shall give, after veterans, a priority to all small business," and let us keep this surplus away from big business. But let us not select one small business as



against all other small business, and give them a political preference.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. CAPEHART. I may be wrong in the statement I am about to make, and if I am, I wish the able Senator would correct me. I feel quite certain that the Smaller War Plants Corporation, for many, many months after the war ended, was authorized by Congress, or by Executive order, to deal in surplus property and to purchase it for resale to small business. While I realize it was a war measure, I am certain it was continued until not many months ago, at which time, by Executive order, the Smaller War Plants Corporation was discontinued, and its functions and duties and authority were transferred to RFC; and that, for the past 2 years or so, the Smaller War Plants Corporation was making deals, buying and selling to small business.

Mr. MAYBANK. Mr. President, if the Senator will yield, I agree with what the Senator from Michigan has said, so far as profits are concerned, because I have witnessed it on many occasions. But I must as a member of the conference committee differ somewhat with the distinguished Senator from Michigan in his thoughts about political preference. I do not think that that is correct, for the reason that the House Members, as the Senator from Indiana and the Senator from Delaware have so ably stated, Republicans and Democrats, refused to budge in any way, even on the matter of amendments that were suggested. Frankly, I believe there was personal preference, but I do not believe there was political preference.

Mr. FERGUSON. Mr. President, I did not say that there was only one political party that could be favored under this measure. I am talking about political favoritism. All the men who work in the RFC are not Democrats, as I understand, I say that this gives them the right, and that they exercise it for political reasons.

Mr. President, in reply to the able Senator from Indiana, it is true that as long as the Smaller War Plants Corporation continued, it exercised this power, but as soon as the Smaller War Plants Corporation ceased, RFC taking all the power that that corporation had ever been able to take, continued the very power, and the only reason they stopped exercising it was that the General Accounting Office would not approve any contracts made by the RFC for the purchase of the property. I know that if the bill passes, a burden will be placed upon the Surplus Property Committee of the House and also upon the Surplus Property Committee of the Senate, because those committees will have to continue investigating, in order that they may keep the administration of the act within reasonable bounds. But I say today that the proper thing for the Senate to do is to give all small business a priority, and let all small business compete and purchase on equal terms the surplus property in the hands of the United States Government, and not give preference to one small business over and above all other small businesses.

Mr. BUCK. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. BUCK. In view of the fact that there is now a measure before the Senate requesting money to carry on a study of the past transactions of the RFC, does the Senator think that the committee could watch over further transactions for 1 year?

Mr. FERGUSON. I do not want to make this as a threat, but rather as a promise, that so far as the Surplus Property Committee of the Senate is concerned, if the measure is passed it will feel that one of its responsibilities will be to watch the operations of this particular section.

Mr. BUCK. Would that serve as a watch dog in this case?

Mr. FERGUSON. I do not want to say that it would be sufficient, because it is impossible to watch all the sales.

The PRESIDING OFFICER. The question is on agreeing to the conference report. [Putting the question.]

Mr. TAYLOR. Mr. President—

Mr. HATCH. Mr. President, the Senator from Idaho was seeking recognition.

The PRESIDING OFFICER. The Senator from Idaho was not heard until the question had been put.

Mr. TAYLOR. Well, that is all right.

The PRESIDING OFFICER. The Chair apologizes to the Senator from Idaho.

Mr. HATCH. Mr. President, it is more than a matter of an apology.

Mr. CAPEHART. As one of the conferees on the pending measure, I move that the Senator from Idaho may proceed if he desires.

The PRESIDING OFFICER. The Chair wishes to point out that if the Senator from Idaho says he was addressing the Chair he is entitled to recognition.

Mr. TAYLOR. Mr. President, I was addressing the Chair before the vote was put, but it really is not material whether I speak before or after the vote.

The PRESIDING OFFICER. The Chair did not intentionally ignore the Senator. If the Senator wishes to proceed, the Chair will recognize him.

Mr. TAYLOR. Mr. President, I wish to say that in the opinion of the Senator from Idaho, if it were the objective of the majority of the Senate to reward racketeers and black marketeers and profiteers and the greedy in general, they could not have done it better if they had set out to do it deliberately than has been accomplished by the legislation which has been passed by the Senate in recent weeks. The so-called rent-control bill was passed by the Senate a while back, and I want to comment on it for a moment. I do not intend to delay the Senate unduly, but I have been trying to secure the floor for several hours.

It has come to my attention that in New Jersey, the home State of the senior Senator [Mr. HAWKES], who sponsored the so-called voluntary 15 percent increase amendment, the practice is widespread of landlords going to their tenants now, before the bill has been acted upon by the President, or by the Congress

finally one way or the other, and insisting that the tenants sign up for a 15 percent increase in their rent. I have it from a very reliable source that the practice is widespread. The editor of one newspaper in Newark has had the proposition put up to him that he had better sign.

Mr. President, the rent control bill is no rent control bill. Rent control is dead, literally and factually. I sincerely hope the President will veto the bill. If the Congress is interested in maintaining any semblance of rent control then let us be honest about it and vote a real rent control bill and give the authorities money to enforce it. But the landlords see the handwriting on the wall—that there is no disposition on the part of the Congress to have really effective rent control. The whole bill is designed to scuttle rent control by indirection, as was the purpose and the accomplished purpose of the OPA extension voted here last year.

Let not the people be deceived by this so-called rent control bill. The landlords are not deceived. They are behaving just as if they had permission now to insert a 15 percent rent increase. They will nail up doors between different rooms, thereby increasing their accommodations, and they are thus out from under rent control. It is going to be a sordid business, and I hope that my party at least will not be a party to this farce.

As I said the other day, let us end rent control now honestly if we intend to, and let the tenants fight it out now in the warm weather while they can sleep out in barracks, instead of next winter when it is cold, and it will be very difficult for people who are caught in this squeeze to fight back. They will have to accede then to any demands that are made upon them. During the summer they can get tents to live in, and will have a better chance to resist unreasonable and extortionate demands than they will next winter.

I want to say further that the legislation we are about to vote on is of the same pattern. The old cry goes up here, "If you do not do this you will have nothing." Very well, Mr. President, I say then let us have nothing. I am tired of this business of being caught at the last moment with the statement that some law is better than no law and having it put up to us, "Well, you will either take this or you will get nothing." I would rather have nothing than something worse than nothing. So I am going to vote against the conference report as I voted against the conference report on the Treasury-Post Office appropriation bill awhile ago under which \$24 was lost for every dollar that was saved. What kind of business is that, Mr. President? The report before us would cut out loans to GI's and would make it impossible any more for the RFC to make loans to our mining interests out West.

Yes; the Senate conferees acceded to almost everything in conference, but secured one concession, the concession being to extend the RFC for only 1 year instead of 2 years. That is some concession, I must say. Most Democrats would rather have had the House provision extending the RFC for 2 years. So



it was a concession really that the House was very happy to have.

Mr. President, I am going to vote against the report. I am going to vote against all measures that come here which give us something worse than nothing, and ask us to accept it on the plea that we either take it or nothing.

The PRESIDING OFFICER. The question before the Senate is on agreeing to the conference report.

The conference report was agreed to.

#### COMMISSION ON ORGANIZATION OF THE EXECUTIVE BRANCH OF THE GOVERNMENT

Mr. LODGE. Mr. President, yesterday House bill 775 was passed in the House. The bill passed by the House provided for the establishment of a commission on organization of the executive branch of the Government. The purpose of the bill is that a study shall be made by the commission on the organization of the executive branch. The House bill is identical with Senate bill 164 which is on the calendar, Calendar No. 351, which was endorsed unanimously by the subcommittee of the Committee on Expenditures in the Executive Departments, and which was reported unanimously by the full Committee on Expenditures in the Executive Departments on June 14, 1947.

House bill 775 was passed by the House yesterday unanimously. It is a non-partisan measure. The legislation has been explained thoroughly on the floor and in committee, and I ask that it be taken from the desk at this time, favorably acted upon, and that Senate bill 164 be indefinitely postponed.

The PRESIDING OFFICER. The bill will be reported by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 775) for the establishment of the Commission on Organization of the executive branch of the Government.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. LANGER. I object to it at this time. I have not read it and do not know anything about it. I do not want to vote for something about which I do not know anything.

Mr. LODGE. Will the Senator withhold his objection for a moment?

The PRESIDING OFFICER. Will the Senator from North Dakota withhold his objection temporarily?

Mr. LANGER. Yes.

Mr. LODGE. There is a complete report on the bill in the file of calendar bills. It is a bill which was unanimously reported out of the committees in both branches of Congress. In fact, yesterday the acting minority leader in the House made a long speech in support of the bill. We have had complete hearings on the Senate bill. A long explanation was made of it on the floor. If the Senator would withhold his objection, I do not think he would ever regret it, and I shall certainly appreciate it.

Mr. LANGER. I object with the greatest regret. I simply do not know anything about this matter.

Mr. LODGE. The bill simply provides for a nonpartisan commission to study

the matter of duplication and overlapping, and to report back in January 1949. That is all there is to it. It simply provides for a study to be made.

Mr. LANGER. Will the Senator give me a few minutes to look over the bill, just enough time to glance at it? What is the number of the bill?

Mr. LODGE. The Senate bill is S. 164, Calendar No. 351.

Mr. LODGE subsequently said: Mr. President, I should like to recur to the request I made a moment ago regarding House bill 775. This bill passed the House unanimously yesterday. It is identical with Senate bill 164, which was reported unanimously by the Committee on Expenditures sometime ago. It is a nonpartisan measure which has received a unanimous report wherever it has been. It simply calls for a study and a report.

The PRESIDING OFFICER. Is there objection to the request for the present consideration of House bill 775?

Mr. LANGER. Mr. President, reserving the right to object, I wish to call attention to the declaration of policy:

#### DECLARATION OF POLICY

SECTION 1. It is hereby declared to be the policy of Congress to promote economy, efficiency, and improved service in the transaction of the public business in the departments, bureaus, agencies, boards, commissions, offices, independent establishments, and instrumentalities of the executive branch of the Government by—

(1) limiting expenditures to the lowest amount consisting with the efficient performance of essential services, activities, and functions;

(2) eliminating duplication and overlapping of services, activities, and functions;

(3) consolidating services, activities, and functions of a similar nature;

(4) abolishing services, activities, and functions not necessary to the efficient conduct of Government; and

(5) defining and limiting executive functions, services, and activities.

As I view this bill, it will deal directly with Federal employees. For example, when this Commission meets for the purpose of considering overlapping services, no Member of the Senate or, so far as I know, no Member of the House Committee on the Civil Service will be present to protect the interests of the civil-service employees, the men and women who compose the overwhelming number of Government employees.

I think the object of the bill is a very good one. I have been assured by the distinguished Senator from Massachusetts that there is no idea at all of taking away any of the powers or duties that are given to the Senate Civil Service Committee or the House Civil Service Committee by the La Follette-Monroney Act. Of course, I know that upon this floor we cannot make any deal of any kind or character. I know, too, of course, that the Senator is most sincere. But I should be glad to be assured by him that, for example, following the passage of this bill, the distinguished President pro tempore of the Senate, who will appoint the two members of the commission from the Senate—members who must be of opposite political faiths—will appoint, for example, the distinguished Senator from New Mexico

[Mr. CHAVEZ], who formerly was chairman of the Civil Service Committee, and who is perhaps one of the best informed men on the civil service, certainly in the Senate, if not among all the Members of the House and Senate combined. He has a big heart, and he is sympathetic to the Federal civil-service employees.

I can only say that during the brief time I have been chairman of the Civil Service Committee, time and time and time again I have been horrified at the callousness with which some of the poor civil-service employees have been treated. For example, after the Government persuaded thousands and thousands of girls to come to Washington, to work for the Government during the war—and in some cases the Government paid their transportation expenses—now, when it is found that they are no longer needed, they are suddenly told, "We do not need you any more, so you are discharged; you are separated. Get home the best way you can."

I know of instances of the rankest sort of discrimination because of race, color, or creed.

I wish to say that if there is some sort of understanding with the distinguished Senator from Massachusetts that a man such as the Senator from New Mexico [Mr. CHAVEZ] who is known for his sympathy with people of any color, race, or creed, is to be appointed to the Commission, I shall have no objection at all to the passage of this bill.

I may add that there are several other Republican members of the committee, but unfortunately all of them are now tied up with other work.

Mr. LODGE. Mr. President, let me say that I appreciate the point the Senator from North Dakota has raised, and I think it very thoughtful of him to do so. I shall be glad to give him assurance, here and now, that there is nothing in the bill, either in the words or in any hidden meaning, which in any way reaches into the matter of the Civil Service or the functions of the Civil Service Committee. I am glad to have that statement of mine on the record for future reference.

Insofar as it lies within my power, I shall express the hope to the President pro tempore that the Senators who are appointed to this Commission are Senators who have the sympathy and the fierce opposition to any form of discrimination that characterize the distinguished Senator from North Dakota.

Mr. LANGER. Mr. President, would the Senator from Massachusetts join with me in asking for the appointment of the Senator from New Mexico [Mr. CHAVEZ]?

Mr. LODGE. I should be glad to see the Senator from New Mexico appointed. I think he is a splendid Senator.

Mr. LANGER. Mr. President, I withdraw any objection.

The PRESIDING OFFICER. The Chair lays before the Senate a bill coming over from the House of Representatives.

The bill (H. R. 775) for the establishment of a Commission on Organization of the Executive Branch of the Government was read twice by its title.



The PRESIDING OFFICER. Is there objection to the request for the present consideration of House bill 775?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

Mr. LODGE. Mr. President, I ask unanimous consent that Senate bill 164 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, Senate bill 164 is indefinitely postponed.

#### CONTINUATION OF CERTAIN POWERS OF THE PRESIDENT UNDER TITLE III OF THE SECOND WAR POWERS ACT

Mr. WILEY. Mr. President, the unfinished business is Senate bill 1461. The bill pertains to the extension of certain powers of the President under title III of the Second War Powers Act and under the Export-Import Control Act. It is very apparent to me that we cannot pass the bill quickly. There are a number of Senators who have some minor amendments they wish to offer to it. Apparently the leadership of the majority does not want the Senate to be in session tomorrow.

Therefore, Mr. President, because of the serious situation which a hiatus would create, I shall ask for consideration of a joint resolution which I shall presently introduce. Let me say to the Senate that the situation is indeed a serious one. On the west coast there are ships ready to sail to Russia, and if, on June 30, we do not have this export legislation passed, those ships will sail. As the law now is they are controlled. If Congress should permit a hiatus to exist it would be gambling with respect to many things that would upset the market and create a situation which would be dangerous to our economy.

All I am asking is immediate consideration of a joint resolution to extend these statutes until July 15. I promise that at the earliest convenience I shall insist that we take up and dispose of this problem, as we had intended to do in Senate bill 1461.

The PRESIDING OFFICER. Without objection, the joint resolution introduced by the Senator from Wisconsin will be received. The joint resolution will be read for the information of the Senate.

The joint resolution (S. J. Res. 139) to continue for a temporary period of 15 days certain controls now exercised by the President under the Second War Powers Act, 1942, and under the Export Control Act, introduced by Mr. WILEY, was read the first time by its title, and the second time at length, as follows:

*Resolved, etc., That section 1501 of the Second War Powers Act, 1942, as amended, is amended by striking out "June 30, 1947" and inserting in lieu thereof "July 15, 1947"; and section 6 (d) of the act entitled "An act to expedite the strengthening of the national defense," approved July 2, 1940, as amended, is amended by striking out "June 30, 1947," and inserting in lieu thereof "July 15, 1947."*

SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this joint resolution.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

Mr. BARKLEY. Mr. President, reserving the right to object, I ask the Senator from Wisconsin if the joint resolution simply proposes to extend the same powers for 2 weeks so as to give the Congress that much more time in which to act upon the bill which was made the unfinished business a while ago, and upon which the Senator hoped to obtain action today. Is that correct?

Mr. WILEY. The Senator is correct.

Mr. BARKLEY. So the only thing proposed by the joint resolution is to give the Congress a couple of weeks more in which to deliberate on the extension provided in the bill which is the unfinished business, because if there is as much as a day's hiatus between midnight next Monday and the time when we enact the pending legislation, great harm may result.

Mr. WILEY. Let me say to the distinguished Senator that if we do not pass the joint resolution it is very plain that we shall not be able to obtain action. If the Senate takes a recess until Monday and we then pass the pending bill, the House will want a conference. Let us pass the joint resolution and send it to the House so that it will be on hand Monday morning. Then we shall be able to get the 2 weeks' extension. In the meantime I hope we shall find time to consider the very important measure which is the unfinished business.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. COOPER. The only reason why I rise is to make clear that since yesterday members of the Committee on the Judiciary have been ready to proceed with the consideration of the pending bill. I do not agree with the statement which was made earlier in the afternoon, that a hiatus of a day or two would not result in any harm. I think it would. I think we made a mistake in not planning to meet tomorrow and pass the pending bill.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution introduced by the Senator from Wisconsin?

There being no objection, the joint resolution was considered, ordered to be engrossed for a third reading, read the third time, and passed.

#### INTERNATIONAL REFUGEE ORGANIZATION

Mr. VANDENBERG. Mr. President, I ask the Chair to lay before the Senate the amendment of the House of Representatives to Senate Joint Resolution 77, the International Refugee Organization measure.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the joint resolution (S. J. Res. 77) providing for membership and participation by the United States in the International Refugee Organization and authorizing an appropriation therefor, which was to strike out all after the enacting clause and insert:

That the President is hereby authorized to accept membership for the United States in

the International Refugee Organization (hereinafter referred to as the "Organization"), the constitution of which was approved in New York on December 15, 1946, by the General Assembly of the United Nations, and deposited in the archives of the United Nations: *Provided, however, That this authority is granted and the approval of the Congress of the acceptance of membership of the United States in the International Refugee Organization is given upon condition and with the reservation that no agreement shall be concluded on behalf of the United States and no action shall be taken by any officer, agency, or any other person and acceptance of the constitution of the Organization by or on behalf of the Government of the United States shall not constitute or authorize action (1) whereby any person shall be admitted to or settled or resettled in the United States or any of its Territories or possessions without prior approval thereof by the Congress, and this joint resolution shall not be construed as such prior approval; or (2) which will have the effect of abrogating, suspending, modifying, adding to, or superseding any of the immigration laws or any other laws of the United States.*

SEC. 2. The President shall designate from time to time a representative of the United States and not to exceed two alternates to attend a specified session or specified sessions of the general council of the Organization. Whenever the United States is elected to membership on the executive committee, the President shall designate from time to time, either from among the aforesaid representative and alternates or otherwise, a representative of the United States and not to exceed one alternate to attend sessions of the executive committee. Such representative or representatives shall each be entitled to receive compensation at a rate not to exceed \$12,000 per annum, and any such alternate shall be entitled to receive compensation at a rate not to exceed \$10,000 per annum, for such period or periods as the President may specify, except that no Member of the Senate or House of Representatives or officer of the United States who is designated as such a representative shall be entitled to receive such compensation.

SEC. 3. There is hereby authorized to be appropriated annually to the Department of State—

(a) such sums, not to exceed \$73,325,000 for the fiscal year beginning June 30, 1947, as may be necessary for the payment of United States contributions to the Organization (consisting of supplies, services, or funds and all necessary expenses related thereto) as determined in accordance with article 10 of the constitution of the Organization; and

(b) such sums, not to exceed \$175,000 for the fiscal year beginning June 30, 1947, as may be necessary for the payment of—

(1) salaries of the representative or representatives and alternates provided for in section 2 hereof, and appropriate staff, including personal services in the District of Columbia and elsewhere, without regard to the civil-service laws and the Classification Act of 1923, as amended; and

(2) such other expenses as the Secretary of State deems necessary to participation by the United States in the activities of the Organization: *Provided, That the provisions of section 7 of the United Nations Participation Act of 1945, and regulations thereunder, applicable to expenses incurred pursuant to that act shall be applicable to any expenses incurred pursuant to this paragraph (b) (2).*

SEC. 4. (a) Sums from the appropriations made pursuant to paragraph (a), of section 3 may be transferred to any department, agency, or independent establishment of the Government to carry out the purposes of such paragraph, and such sums shall be



The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### EXTENSION OF REMARKS

Mr. RAMEY asked and was given permission to extend his remarks in the RECORD and include an address on the subject—Security for the Masses and Not Just Classes, delivered at Uline Arena, June 26, 1947.

Mr. CANNON and Mr. DIRKSEN asked and were given permission to revise and extend their remarks.

#### RECONSTRUCTION FINANCE CORPORATION ACT—CONFERENCE REPORT

Mr. WOLCOTT. Mr. Speaker, I call up the conference report on Senate Joint Resolution 135, to extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 26, 1947.)

Mr. WOLCOTT. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, the conferees agreed substantially with the House language. The only material change is in the date. The Senate provided a continuance of RFC for 1 year. The Senate has a companion resolution to authorize, I believe, \$50,000 for a complete investigation of Reconstruction Finance Corporation activities from its inception. Because of that situation and also the fact that the U. S. Commercial Corporation, a subsidiary of the Reconstruction Finance Corporation, is continued in the House bill for only 1 year it would obviously be necessary for us to have hearings on the U. S. Commercial Corporation within the year and might well have hearings at the same time on any further continuance of Reconstruction Finance Corporation. The House yielded in that respect.

The changes which were made in the House language are so minor perhaps as to not have to be discussed. They are changes of a typographical nature, changes in grammar, and some other very minor changes. The bill in substance and almost in its entirety as it was agreed to by the conferees is the bill which the House passed.

Mr. Speaker, I yield such time as he may desire to the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Speaker, this is substantially the bill passed by the House with the exception that the limitation date was changed from 2 years to 1 year. It is the unanimous report of the conferees and I hope that the House will approve the conference report.

Mr. JONES of North Carolina. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from North Carolina.

Mr. JONES of North Carolina. May I ask this question: Under this conference report can GI loans be accepted by the RFC any longer?

Mr. WOLCOTT. Under the language of the House bill and under the language of the bill as agreed to by the conferees, the Reconstruction Finance Corporation will not be authorized to purchase those loans guaranteed by banks or other lending institutions.

Mr. JONES of North Carolina. What about the paper they have been permitted to take already?

Mr. WOLCOTT. Any commitments made previous to the enactment of this law will be honored by the RFC under definite language in the bill. It is very definitely stated in the bill that any commitments made in any of these respects will be honored.

I call the gentleman's attention to section 201, title II, on page 7 of the conference report, which reads as follows. I think this is a very definite answer to the gentleman's question:

SEC. 201. No provision of this act shall be construed so as to prevent the Corporation from disbursing funds on purchases of securities and obligations, on loans made, or on commitments or agreements to make such purchases or loans, or on liabilities incurred, pursuant to law, prior to the effective date of this act.

All of the commitments made previous to the enactment of this bill for the purchase of mortgages guaranteed by the Veterans' Administration, will be honored under the provisions which I have just read.

Mr. JONES of North Carolina. I thank the gentleman.

Mr. WOLCOTT. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

#### EXTENSION OF REMARKS

Mr. VAN ZANDT (at the request of Mr. GRAHAM) was given permission to extend his remarks in the RECORD and include a resolution adopted by the Pennsylvania State Legislature.

Mr. MONRONEY asked and was given permission to extend his remarks in the RECORD and include an editorial appearing in the Chicago Sun.

Mr. TIBBOTT asked and was given permission to revise and extend his remarks and include a statement.

Mr. GILLIE asked and was given permission to extend his remarks in the RECORD and include a short article.

Mr. BROWN of Georgia. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD following the passage of the Commodity Credit Corporation bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

#### SUSPENSION OF ANNUAL ASSESSMENT WORK ON MINING CLAIMS

Mr. WELCH. Mr. Speaker, I ask unanimous consent that I may have until

midnight tonight to file a conference report and statement on the bill H. R. 2369.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The conference report and statement follows:

#### CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2369) providing for the suspension of annual assessment work on mining claims held by location in the Territory of Alaska, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment.

RICHARD J. WELCH,  
F. L. CRAWFORD,  
ANDREW L. SOMERS,

*Managers on the Part of the House.*

HUGH BUTLER,  
GUY CORDON,  
CARL A. HATCH,

*Managers on the Part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2369) providing for the suspension of annual assessment work on mining claims held by location in the Territory of Alaska submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

It was the view of the Senate that this bill should also apply to mining claims in the United States as well as in Alaska. The House disagreed to the inclusion of this amendment, however, and after discussion in conference the Senate conferees agreed to recede from the position taken by the Senate, and accept the bill as originally passed by the House.

RICHARD J. WELCH,  
F. L. CRAWFORD,  
ANDREW L. SOMERS,

*Managers on the Part of the House.*

#### COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce may have until midnight tonight to file a report on the bill H. R. 3150.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

#### SPECIAL ORDER GRANTED

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent that today, following any special orders heretofore entered, I may be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.



## PROGRAM FOR NEXT WEEK

Mr. HALLECK. Mr. Speaker, I take this opportunity to announce the program for next week. On Monday it is proposed that the Speaker may permit some measures to be called up for passage under suspension of the rules. Of course, any conference reports that are ready will be in order. Then we propose to take up House Resolution 212, providing for statehood for Hawaii.

On Tuesday we will call the Private Calendar, and we also hope to take up the civil functions War Department appropriation bill.

On Wednesday we hope that the District of Columbia appropriation bill will be ready.

Thursday there will be a continuation of the above bills.

Friday, being the 4th of July, we expect to adjourn over from Thursday until Monday. Of course, urgent rules may be called up at any time. It occurs to me also that it might be well to suggest that in all probability matters of considerable importance will be called on Monday, July 7.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. The majority leader possibly cannot, I understand, but if he can, in connection with suspensions on Monday, will he advise the House as to any that he has in mind?

Mr. HALLECK. I cannot announce that at this time.

Mr. McCORMACK. I realize that, because I have been in the same predicament myself. That is why I made a guarded inquiry.

## COMMODITY CREDIT CORPORATION

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 350) to continue the Commodity Credit Corporation as an agency of the United States until June 30, 1948.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That the first sentence of subsection (a) of section 7 of the act approved January 31, 1935 (49 Stat. 4), as amended, is amended by striking out "June 30, 1947" and inserting in lieu thereof "June 30, 1948."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. BROWN of Georgia. Mr. Speaker, this bill merely extends the existing law for a period of 1 year. I introduced a bill some time ago to make Commodity Credit Corporation a permanent agency. This Corporation should become a permanent Government agency. Its contribution to agriculture, to the farmer, and to the economic stability of our country is beyond reproach. Legislation next year must make the Commodity Credit Corporation a permanent agency of the Government.

A short time ago the Senate passed S. 350 extending the authority of the Corporation for a period of 1 year. This, coupled with the fact that by June 30, 1948, a new Federal charter is required in lieu of the present Delaware charter, gives some justification for the continuation of the Corporation for but 1 year, or until Congress may have an opportunity to enact a new Federal charter. We did not have time this session to have a full hearing on my bill, so it is absolutely necessary that the law be extended by June 30 of this year.

The Commodity Credit Corporation was created under the laws of the State of Delaware pursuant to an Executive Order of the President October 16, 1933. A congressional act in 1935 directed that the Corporation should "continue until April 1, 1937," and by successive amendments to this act the Corporation has been continued until June 30, 1947.

The charter powers of the Commodity Credit Corporation authorize this Agency, among other things, to engage in buying, selling, lending, and other activities with respect to the agricultural commodities, products thereof, and related facilities. These powers have enabled the Corporation to engage in extensive operations for the purpose of increasing production, stabilizing prices, assuring adequate supplies, and facilitating the efficient distribution of agricultural commodities, foods, feeds, and fibers to meet the needs of the war emergency. For more than a decade those interested in agriculture have pressed for enactment of certain basic agricultural laws which now stand as a cornerstone—especially during this postwar period. Extension of the Commodity Credit Corporation is vital to the welfare of the farmer and to the farm program.

The Corporation's function has implemented many of the other basic farm programs. For example, the Corporation's price-support operation has resulted largely from legislation making it mandatory for the Corporation to provide price support for certain agricultural commodities through loans, purchases, and other operations. This price support operation includes loans to producers upon any crop of the basic commodities—cotton, corn, wheat, rice, tobacco, and peanuts—and at the present time the support rate is 90 percent of parity in the case of all the basic commodities other than cotton, and 92½ percent in the case of cotton.

In addition to the basic commodities, there are the so-called Steagall commodities which are supported in price through the operation of the Commodity Credit Corporation. These Steagall commodities are: Hogs, eggs, chickens and turkeys, milk and butterfat, dry peas of certain varieties, soybeans for oil, peanuts for oil, flaxseed for oil, potatoes, and sweetpotatoes.

Measured by commodities, the acres farmed, the individuals producing, and the dollar income from agricultural production during the coming years, it is not difficult to observe the scope of the solemn obligation accruing to nearly every American farmer as a result of basic agricultural legislation. The re-

sponsibility of implementing many of these programs is made possible by the Commodity Credit Corporation.

The Corporation has capital stock of \$100,000,000 and is authorized to borrow \$4,750,000,000 in conducting its operations. The budget estimates show that its purchase activities during the fiscal year 1947 will approximate \$1,500,000,000, that sales will exceed \$2,000,000,000, that new loans will be made approximating \$735,000,000.

It is gratifying to know that except for the subsidy payments authorized by the Congress that the Commodity Credit Corporation during its entire life has made several million dollars for the Federal Government, while at the same time it has aided the American farmer and the general public beyond measurement.

The activities of CCC over the past 14 years have, in my opinion, contributed more to the lot of the farmers than any other phase of the farm program.

Now, let me take just a few minutes to describe the basic functions of the Corporation.

The price-support activity, through which we have endeavored to see that farmers receive an income commensurate with their contribution to the Nation's economy, is the heart of our agricultural program.

You know what this program has meant—both to the farmers and the rest of the Nation. You know how the cotton loans saved our cotton farmers from ruin while at the same time building up a cotton backlog which meant much to us during the war. You know the ever-normal granary and its value to the Nation during the war and since. You know how tobacco loans have saved those producers when sudden termination of foreign markets threatened to drive tobacco prices to ruinous levels.

But even more important is the price-support function of the Corporation today. It is the agency which carries out the promises made by the Congress to support the price of agricultural commodities through the calendar year 1948.

During the war and since it has made purchases for our Army and Navy, for foreign governments, the American Red Cross, and other similar agencies. During the fiscal year which ends Monday, this Nation will have shipped more than 550,000,000 bushels of grain and grain products to foreign countries for emergency feeding. That is more grain than has been shipped by all the other countries of the world in any previous year. Most of that grain was bought by the Commodity Credit Corporation and bought in such a manner as to cause the least possible strain on our domestic market.

Another major function of the Corporation is to purchase for the American consumer certain scarce agricultural commodities in the foreign market. Such purchases include sugar, fats and oils, and rice. The world supply of most of these commodities is allocated to each country by the International Emergency Food Council. The Corporation buys our portions which are then divided among the various claimants in this country.

One of the best examples of the need for a flexible organization such as CCC







[PUBLIC LAW 132—80TH CONGRESS]

[CHAPTER 166—1ST SESSION]

[S. J. Res. 135]

JOINT RESOLUTION

To extend the succession, lending powers, and the functions of the Reconstruction Finance Corporation.

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,*

TITLE I—AMENDMENT TO RECONSTRUCTION  
FINANCE CORPORATION ACT

SECTION 1. The Reconstruction Finance Corporation Act, as amended, is hereby amended to read as follows:

“SEC. 1. There is hereby created a body corporate with the name ‘Reconstruction Finance Corporation’ (herein called the Corporation), with a capital stock of \$325,000,000 subscribed by the United States of America. Its principal office shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the board of directors. This Act may be cited as the ‘Reconstruction Finance Corporation Act’.

“SEC. 2. The management of the Corporation shall be vested in a board of directors consisting of five persons appointed by the President of the United States by and with the advice and consent of the Senate. Of the five members of the board, not more than three shall be members of any one political party and not more than one shall be appointed from any one Federal Reserve district. Each director shall devote his time principally to the business of the Corporation. The terms of the directors shall be two years but they may continue in office until their successors are appointed and qualified. Whenever a vacancy shall occur other than by expiration of term the person appointed to fill such vacancy shall hold office for the unexpired portion of the term of the director whose place he is selected to fill. The directors, except the chairman, shall receive salaries at the rate of \$12,500 per annum each. The chairman of the board of directors shall receive a salary at the rate of \$15,000 per annum.

“SEC. 3. (a) The Corporation shall have succession through June 30, 1948, unless it is sooner dissolved by an Act of Congress. It shall have power to adopt, alter, and use a corporate seal; to make contracts; to lease or purchase such real estate as may be necessary for the transaction of its business; to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal: *Provided*, That the Corporation shall be entitled to and granted the same immunities and exemptions from the payment of costs, charges, and fees as are granted to the United States pursuant to the provisions of law codified in sections 543, 548, 555, 557, 578, and 578a of



title 28 of the United States Code, 1940 edition; to select, employ, and fix the compensation of such officers, employees, attorneys, and agents as shall be necessary for the transaction of the business of the Corporation, in accordance with laws, applicable to the Corporation, as in effect on June 30, 1947, and as thereafter amended; and to prescribe, amend, and repeal, by its board of directors, bylaws, rules, and regulations governing the manner in which its general business may be conducted. Except as may be otherwise provided in this Act or in the Government Corporation Control Act, the board of directors of the Corporation shall determine the necessity for and the character and amount of its obligations and expenditures under this Act and the manner in which they shall be incurred, allowed, paid, and accounted for, without regard to the provisions of any other laws governing the expenditure of public funds and such determinations shall be final and conclusive upon all other officers of the Government. The Corporation shall be entitled to the use of the United States mails in the same manner as the executive departments of the Government.

“(b) Notwithstanding any other provision of law, the right to recover compensation granted by the Act approved September 7, 1916, as amended (5 U. S. C., sec. 751), shall be in lieu of, and shall be construed to abrogate, any and all other rights and remedies which any person, except for this provision, might, on account of injury or death of an employee, assert against the Corporation or any of its subsidiaries.

“SEC. 4. (a) To aid in financing agriculture, commerce, and industry, to help in maintaining the economic stability of the country and to assist in promoting maximum employment and production, the Corporation, within the limitations hereinafter provided, is authorized—

“(1) To purchase the obligations of and to make loans to any business enterprise organized or operating under the laws of any State or the United States: *Provided*, That the purchase of obligations (including equipment trust certificates) of, or the making of loans to, railroads or air carriers engaged in interstate commerce or receivers or trustees thereof, shall be with the approval of the Interstate Commerce Commission or the Civil Aeronautics Board, respectively: *Provided further*, That in the case of railroads or air carriers not in receivership or trusteeship, the Commission or the Board, as the case may be, in connection with its approval of such purchases or loans, shall also certify that such railroad or air carrier, on the basis of present and prospective earnings, may be expected to meet its fixed charges without a reduction thereof through judicial reorganization except that such certificates shall not be required in the case of loans or purchases made for the acquisition of equipment or for maintenance.

“(2) To make loans to any financial institution organized under the laws of any State or of the United States.

“(3) In order to aid in financing projects authorized under Federal, State, or municipal law, to purchase the securities and obligations of, or make loans to, (A) municipalities and political subdivisions of States, (B) public agencies and instrumentalities of one or more States, municipalities, and political subdivisions

of States, and (C) public corporations, boards, and commissions: *Provided*, That no such purchase or loan shall be made for payment of ordinary governmental or nonproject operating expenses as distinguished from purchases and loans to aid in financing specific public projects.

"(4) To make such loans, in an aggregate amount not to exceed \$25,000,000 outstanding at any one time, as it may determine to be necessary or appropriate because of floods or other catastrophes.

"(b) No financial assistance shall be extended pursuant to paragraphs (1), (2), and (3) of subsection (a) of this section, unless the financial assistance applied for is not otherwise available on reasonable terms. All securities and obligations purchased and all loans made under paragraphs (1), (2), and (3) of subsection (a) of this section shall be of such sound value or so secured as reasonably to assure retirement or repayment and such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise.

"(c) The total amount of investments, loans, purchases, and commitments made pursuant to this section 4 shall not exceed \$2,000,000,000 outstanding at any one time.

"(d) No fee or commission shall be paid by any applicant for financial assistance under the provisions of this Act in connection with any such application, and any agreement to pay or payment of any such fee or commission shall be unlawful.

"(e) No director, officer, attorney, agent, or employee of the Corporation in any manner, directly or indirectly, shall participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly interested.

"(f) The powers granted to the Corporation by this section shall terminate at the close of business on June 30, 1948, but the termination of such powers shall not be construed (1) to prohibit disbursement of funds on purchases of securities and obligations, on loans, or on commitments or agreements to make such purchases or loans, made under this Act prior to the close of business on such date, or (2) to affect the validity or performance of any other agreement made or entered into pursuant to law.

"(g) As used in this Act, the term 'State' includes the District of Columbia, Alaska, Hawaii, and Puerto Rico.

"SEC. 5. Section 5202 of the Revised Statutes of the United States, as amended, is hereby amended by striking out the words 'War Finance Corporation Act' and inserting in lieu thereof the words 'Reconstruction Finance Corporation Act'.

"SEC. 6. The Federal Reserve banks are authorized and directed to act as custodians and fiscal agents for the Corporation in the general performance of its powers conferred by this Act and the Corporation may reimburse such Federal Reserve banks for such services in such manner as may be agreed upon.

"SEC. 7. The Corporation may issue to the Secretary of the Treasury its notes, debentures, bonds, or other such obligations in an amount outstanding at any one time sufficient to enable the Corporation to carry out its functions under this Act or any other provision of law,



such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Corporation before maturity in such manner as may be stipulated in such obligations. Such obligations may mature subsequent to the period of succession of the Corporation. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Corporation. The Secretary of the Treasury is authorized to purchase any obligations of the Corporation to be issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the Corporation's obligations hereunder.

"SEC. 8. The Corporation, including its franchise, capital, reserves and surplus, and its income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to special assessments for local improvements and shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed: *Provided*, That the special assessment and taxation of real property as authorized herein shall not include the taxation as real property of possessory interests, pipe lines, power lines, or machinery or equipment owned by the Corporation regardless of their nature, use, or manner of attachment or affixation to the land, building, or other structure upon or in which the same may be located. The exemptions provided for in the preceding sentence with respect to taxation (which shall, for all purposes, be deemed to include sales, use, storage, and purchase taxes) shall be construed to be applicable not only with respect to the Corporation but also with respect to any other public corporation which is now or which may be hereafter wholly financed and wholly managed by the Corporation. Such exemptions shall also be construed to be applicable to loans made, and personal property owned by the Corporation or such other corporations, but such exemptions shall not be construed to be applicable in any State to any buildings which are considered by the laws of such State to be personal property for taxation purposes. Notwithstanding any other provision of law or any privilege or consent to tax expressly or impliedly granted thereby, the shares of preferred stock of national banking associations, and the shares of preferred stock, capital notes, and debentures of State banks and trust companies, acquired prior to July 1, 1947, by the Corporation, and the dividends or interest derived therefrom by the Corporation, shall not, so long as the Corporation shall continue to own the same, be subject to any taxation by the United States, by any Territory, dependency or possession thereof, or the District of Columbia, or by any State; county, municipality, or local taxing authority, whether now, heretofore, or

hereafter imposed, levied, or assessed, and whether for a past, present, or future taxing period.

"SEC. 9. In the event of termination of the powers granted to the Corporation by section 4 of this Act prior to the expiration of its succession as provided in section 3, the board of directors shall, except as otherwise herein specifically authorized, proceed to liquidate its assets and wind up its affairs. It may with the approval of the Secretary of the Treasury deposit with the Treasurer of the United States as a special fund any money belonging to the Corporation or from time to time received by it in the course of liquidation, for the payment of its outstanding obligations, which fund may be drawn upon or paid out for no other purpose. Any balance remaining after the liquidation of all the Corporation's assets and after provision has been made for payment of all legal obligations shall be paid into the Treasury of the United States as miscellaneous receipts. Thereupon the Corporation shall be dissolved and its capital stock shall be canceled and retired.

"SEC. 10. If at the expiration of the succession of the Corporation, its board of directors shall not have completed the liquidation of its assets and the winding up of its affairs, the duty of completing such liquidation and winding up of its affairs shall be transferred to the Secretary of the Treasury, who for such purpose shall succeed to all the powers and duties of the board of directors under this Act. In such event he may assign to any officer or officers of the United States in the Treasury Department the exercise and performance, under his general supervision and direction, of any such powers and duties. When the Secretary of the Treasury shall find that such liquidation will no longer be advantageous to the United States and that all of the Corporation's legal obligations have been provided for, he shall retire any capital stock then outstanding, pay into the Treasury as miscellaneous receipts the unused balance of the moneys belonging to the Corporation, and make a final report to the Congress. Thereupon the Corporation shall be deemed to be dissolved.

"SEC. 11. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan, or extension thereof by removal, deferment of action or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Corporation, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than two years, or both.

"(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, bond, or other obligation, or coupon, in imitation of or purporting to be a note, debenture, bond, or other obligation, or coupon, issued by the Corporation; or (2) passes, utters, or publishes, or attempts to pass, utter or publish, any false, forged or counterfeited note, debenture, bond, or other obligation, or coupon, purporting to have been issued by the Corporation, knowing the same to be false, forged, or counterfeited; or (3) falsely alters any note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Corporation; or (4) passes, utters, or publishes,



or attempts to pass, utter, or publish, as true any falsely altered or spurious note, debenture, bond, or other obligation, or coupon, issued or purporting to have been issued by the Corporation, knowing the same to be falsely altered or spurious, or any person who willfully violates any other provision of this Act, shall be punished by a fine of not more than \$10,000, by imprisonment for not more than five years, or both.

“(c) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it; or (2) with intent to defraud the Corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or examiner of the Corporation, makes any false entry in any book, report, or statement of or to the Corporation, or, without being duly authorized, draws any order or issues, puts forth, or assigns any note, debenture, bond, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof; or (3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property, or benefit through any transaction, loan, commission, contract, or any other act of the Corporation; or (4) gives any unauthorized information concerning any future action or plan of the Corporation which might affect the value of securities, or having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company, bank, or corporation receiving loans or other assistance from the Corporation, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

“(d) No individual, association, partnership, or corporation shall use the words ‘Reconstruction Finance Corporation’ or a combination of these three words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding \$1,000 or imprisonment not exceeding one year, or both.

“(e) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., title 18, ch. 5, secs. 202 to 207, inclusive), insofar as applicable, are extended to apply to contracts or agreements with the Corporation under this Act, which for the purposes hereof shall be held to include loans, advances, discounts, and rediscounts; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

“SEC. 12. The Corporation is authorized to exercise the functions, powers, duties, and authority transferred to the Corporation by Public Law 109, Seventy-ninth Congress, approved June 30, 1945, but only with respect to programs, projects, or commitments outstanding on June 30, 1947.

“SEC. 13. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of this Act, and the applicability of such provision to other persons or circumstances, shall not be affected thereby.”

## TITLE II—MISCELLANEOUS

SEC. 201. No provision of this Act shall be construed so as to prevent the Corporation from disbursing funds on purchases of securities and obligations, on loans made, or on commitments or agreements to make such purchases or loans, or on liabilities incurred, pursuant to law prior to the effective date of this Act.

SEC. 202. The succession of U. S. Commercial Company, a corporation created by the Reconstruction Finance Corporation pursuant to section 5d (3) of the Reconstruction Finance Corporation Act, as amended, is hereby extended through June 30, 1948.

SEC. 203. All assets and liabilities of every kind and nature, together with all documents, books of account, and records, of The RFC Mortgage Company, a corporation organized under the laws of the State of Maryland, all the capital stock of which is owned and held by the Reconstruction Finance Corporation, shall be transferred to the Reconstruction Finance Corporation. With respect to the assets, liabilities, and records transferred, "Reconstruction Finance Corporation" for all purposes is hereby substituted for "The RFC Mortgage Company", and no suit, action, or other proceeding lawfully commenced by or against such corporation shall abate by reason of the enactment of this Act, but the court, on motion or supplemental petition filed at any time within twelve months after the date of such enactment, showing a necessity for the survival of such suit, action, or other proceeding to obtain a determination of the questions involved, may allow the same to be maintained by or against the Reconstruction Finance Corporation.

SEC. 204. The Federal Loan Agency, created by Reorganization Plan Numbered 1 pursuant to the provisions of the Reorganization Act of 1939, approved April 3, 1939, is hereby abolished, and all its property and records are hereby transferred to the Reconstruction Finance Corporation.

SEC. 205. The Reconstruction Finance Corporation is authorized and directed to transfer as soon as practicable after the effective date of this Act, to the Secretary of the Treasury, and the Secretary of the Treasury is authorized and directed to receive, all of the stock of the Federal home-loan banks held by the Reconstruction Finance Corporation. The Secretary of the Treasury shall cancel notes of the Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the par value of the stock so transferred.

SEC. 206. Section 201 (e) of the Emergency Relief and Construction Act of 1932, approved July 21, 1932 (47 Stat. 709), as amended, and section 84 of the Farm Credit Act of 1933, approved June 16, 1933 (48 Stat. 257), as amended, are hereby further amended by striking out the name "Reconstruction Finance Corporation" wherever it appears in such sections and substituting therefor the name "Farm Credit Administration".

The following Acts and portions of Acts are hereby repealed:

(a) Sections 1, 201 (except subsection (e) thereof), 202, 203, 204, 205, 206, 207, 208, 209, and 211 of the Emergency Relief and Construction Act of 1932, approved July 21, 1932 (47 Stat. 709), as amended;



(b) Section 304 of the Act approved March 9, 1933 (48 Stat. 1), as amended;

(c) Sections 27, 36, 37, and 38 of the Emergency Farm Mortgage Act of 1933, approved May 12, 1933 (48 Stat. 41), as amended;

(d) Sections 5 and 19 (c) and the last two sentences of section 8 (b) of the Agricultural Adjustment Act, approved May 12, 1933 (48 Stat. 33), as amended;

(e) The Act approved June 10, 1933 (48 Stat. 119), as amended;

(f) The last sentence of section 4 (b) of the Home Owners' Loan Act of 1933, approved June 13, 1933 (48 Stat. 129), as amended;

(g) Sections 301 and 302 of the National Industrial Recovery Act, approved June 16, 1933 (48 Stat. 195), as amended;

(h) So much of section 32 of the Emergency Farm Mortgage Act of 1932 (48 Stat. 41), as amended, as authorizes or directs the Reconstruction Finance Corporation to make funds available to the Land Bank Commissioner;

(i) The Act approved January 20, 1934 (48 Stat. 318);

(j) The fourth paragraph of the Emergency Appropriation Act, fiscal year 1935, approved June 19, 1934 (48 Stat. 1056), and section 202 of the Public Works Administration Extension Act of 1937, approved June 29, 1937 (50 Stat. 357);

(k) Sections 10, 13, 14, 15, and 16 of the Act approved June 19, 1934 (48 Stat. 1105), as amended;

(l) So much of sections 4 and 602 of the National Housing Act, approved June 27, 1934 (48 Stat. 1247), as amended, as relates to the Reconstruction Finance Corporation;

(m) The first section and sections 9, 11, and 13 of the Act approved January 31, 1935 (49 Stat. 1), as amended;

(n) The Act approved August 24, 1935 (49 Stat., ch. 646, p. 796);

(o) The Act approved March 20, 1936 (49 Stat. 1185);

(p) The Act approved April 10, 1936 (49 Stat., ch. 168, p. 1191);

(q) The first section of the Act approved January 26, 1937 (50 Stat. 5), as amended;

(r) The Act approved February 11, 1937 (50 Stat. 19), as amended;

(s) So much of section 32 (b) of the Farm Credit Act of 1937, approved August 19, 1937 (50 Stat. 703), as relates to the Reconstruction Finance Corporation and so much of section 33 (b) of the said Act as relates to the payment of the expenses of corporations formed by the consolidation of two or more regional agricultural credit corporations;

(t) So much of the Act approved June 25, 1938 (52 Stat. 1193), as relates to the Reconstruction Finance Corporation;

(u) Section 12 of the Federal Highway Act of 1940, approved September 5, 1940 (54 Stat. 867);

(v) Section 5 of the Act approved June 10, 1941 (55 Stat. 250);

(w) The Act approved October 23, 1941 (55 Stat., ch. 454, p. 744);

(x) The Act approved March 27, 1942 (56 Stat., ch. 198, p. 174);

(y) The Act approved June 5, 1942 (56 Stat., ch. 352, p. 326); and

(z) Sections 1 and 2 of Public Law 656, 79th Congress, approved August 7, 1946.

SEC. 207. The liquidation of the affairs of the Smaller War Plants Corporation administered by the Reconstruction Finance Corpora-

tion pursuant to Executive Order 9665 shall be carried out by the Reconstruction Finance Corporation, notwithstanding the provisions of the last paragraph of section 5 of the First War Powers Act, 1941. The Smaller War Plants Corporation is hereby abolished.

SEC. 208. (a) The Reconstruction Finance Corporation shall have the power to purchase any surplus property for resale, subject to regulations of the War Assets Administrator or his successor, to small business when, in its judgment, such disposition is required to preserve and strengthen the competitive position of small business. The purchase of surplus property under this section shall be given priority under the Surplus Property Act of 1944, as amended, immediately following transfers to Government agencies under section 12 of such Act, as amended, and disposals to veterans under section 16 of such Act, as amended. The provisions of section 12 (c) of the Surplus Property Act of 1944, as amended, shall be applicable to purchases made under this section. The Reconstruction Finance Corporation shall not purchase any real property for resale to small business pursuant to this section in any case where any person from whom the property had been acquired by a Government agency, gives notice in writing to the Reconstruction Finance Corporation that he intends to exercise his rights under section 23 of the Surplus Property Act, as amended.

(b) The Reconstruction Finance Corporation is further authorized for the purpose of carrying out the objectives of this section to arrange for sales of surplus property to small business concerns on credit or time basis.

(c) For the purposes of this section the terms "persons", "surplus property", and "Government agency" have the same meaning as is assigned to such terms by section 3 of the Surplus Property Act of 1944, as amended.

SEC. 209. During the period between June 30, 1947, and the date of enactment of legislation making funds available for administrative expenses for the fiscal year ending June 30, 1948, the Corporation is authorized to incur, and pay out of its general funds, administrative expenses in accordance with laws in effect on June 30, 1947, such obligations and expenditures to be charged against funds when made available for administrative expenses for the fiscal year 1948.

SEC. 210. This Act shall take effect as of midnight June 30, 1947.

Approved June 30, 1947.



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